

African Nations Reject Pretoria's Terms for Settlement in Namibia

United Press International
HARARE, Zimbabwe — The six African "front-line" nations rejected new U.S.-backed proposals aimed at breaking the deadlock over independence for South-West Africa, according to Prime Minister Robert Mugabe of Zimbabwe.

Mr. Mugabe, in an interview with the government-controlled Ziana news agency on Saturday, said the decision to reject the proposals by South Africa was made Friday during a four-hour meeting of leaders of the six states in Tanzania. The prime minister sharply criticized both the United States and South Africa in his remarks.

He said that President José Eduardo dos Santos of Angola presented South Africa's latest proposal, an offer to withdraw its troops from South-West Africa — also known as Namibia — in exchange for the pullout of about 25,000 Cuban troops in Angola.

Mr. Mugabe described the proposal, which is similar to earlier

offers, as "arrogant and an interference" in Angola's internal affairs.

"Our conclusion is that the United States and South Africa are acting fraudulently on the whole question," Mr. Mugabe said, "and the sooner the international community reverts to the United Nations Security Council for ways and means of implementing UN Resolution 435 the better."

South Africa administers Namibia in defiance of the UN resolution, which establishes a formula for its independence. The United States has backed South Africa's insistence that a withdrawal of its troops from Namibia be linked to a Cuban pullout from Angola.

"We are now wiser after the briefing given us by President dos Santos than we were a few weeks ago after the briefing we got from Chester Crocker," the U.S. assistant secretary for African affairs, Mr. Mugabe said.

Last month, Mr. Crocker gave Angola the South African proposi-



Robert Mugabe

als, which called for the withdrawal of the Cubans within 12 weeks, Mr. Mugabe said.

He said that South Africa also demanded that the Cuban troops not be replaced by troops from other East bloc countries and that the South-West Africa Peoples Organization, fighting for the independence of Namibia, should agree to a unilateral cease-fire.

The six "front-line" states confronting South Africa in negotiations over Namibia's independence are Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

UN Staff Protest Loss of Pay Raise, Plan to Stage Walkout Wednesday

By James Feron
New York Times Service
UNITED NATIONS, New York — Thousands of United Nations employees here and abroad plan to walk off their jobs for part of the day Wednesday in a "worldwide day of solidarity" against budget-cutting efforts that threaten a cost-of-living increase.

The dispute, which pits employees against delegations seeking to reduce costs, flared into the open just over a week ago when the General Assembly suspended the second stage of an 8-percent wage adjustment that was to take effect Dec. 1.

The assembly was responding to a joint economy move by two unlikely allies, the United States and the Soviet Union, which together provide 38 percent of the \$720-million regular budget of the United Nations. They sought initially to eliminate the cost-of-living increase.

Alan L. Keyes, a U.S. representative, had said earlier in the budget committee that the United States favored the current salary

system. It calls for international civil servants to be paid at a level corresponding to the best-paid national civil service, in this case the United States, plus a small premium.

But salaries here, Mr. Keyes said, are now almost 40 percent higher than U.S. government pay, rather than the "historically" acceptable 15 percent. He said the secretariat staff had become an elite group in terms of living standards.

George Irving, head of the United Nations Staff Union, said last week, however, that a study by the International Civil Service Commission, based on total compensation, showed a margin of only 10.5 percent. He said the staff union would appeal the assembly decision to the administrative tribunal, a UN appeals panel.

Salaries of professionals here, representing roughly half the 7,000-member headquarters staff, range from \$27,200 a year for an entry-level employee to \$129,000 for an undersecretary general, with a typical midcareer salary of \$60,000.

Mr. Irving said the United Nations staff was "largely expatriate with no access to national social programs and often limited to a single-income source since family members are not permitted to work."

The Soviet position, he said, was consistent with its "opposition to an independent international civil service," while Washington's action followed "attempts to curtail the salaries of its own civil servants."

Mr. Irving also noted that Congress had passed legislation "saying they would simply refuse to pay the adjustment if it had gone through."

He also questioned whether U.S. civil service pay should be used as the standard, because those salaries "are now some 18 percent below comparable private-sector salaries."

Jeanne J. Kirkpatrick, who heads the U.S. delegation, said recently that, together with the Soviet Union, "we've been working for a number of years to introduce more fiscal responsibility into the budget process, and we've made quite a bit of progress."

WORLD BRIEFS

France Said to Let Libya Stay in Chad

KINSHASA, Zaire (AP) — France has decided to tolerate Libya's military occupation of northern Chad and will take no further military action to dislodge Libyan troops in the region, an official close to President François Mitterrand of France said here Sunday.

The official, who asked to remain unidentified, told reporters accompanying Mr. Mitterrand on a weeklong African tour that there are now between 3,000 and 5,000 Libyan regular forces remaining in northern Chad, despite an announced agreement for a simultaneous withdrawal of Libyan and French troops.

In a related development, President Mobutu Sese Seko of Zaire dropped his planned boycott of a French-African conference scheduled to begin Monday in Bujumbura, capital of Burundi. The state-run Zaire radio said Mr. Mobutu decided to attend the meeting "as a gesture of politeness" to Mr. Mitterrand, despite his unhappiness over France's acquiescence in Chad.

Bahamian Tanker Attacked in Gulf

BAHRAIN (Reuters) — A tanker registered in the Bahamas, the 163,155-ton B.T. Investor, was damaged by a missile Sunday in the Gulf south of Iran's Kharg Island oil terminal. Gulf shipping sources said an Iraqi military spokesman said the Iraqi aircraft had hit a "large naval target" in the Gulf, Baghdad radio reported. He repeated earlier warnings that shipping should keep away from the Iraqi-declared war zone around Kharg.

Lloyds of London said the B.T. Investor had suffered a hole above the waterline and one of its tanks was damaged, but there was no loss of life. The tanker was being towed to Bahrain, shipping sources said.

U.S. Congress Panel Travels to Hanoi

MANILA (UPI) — A U.S. congressional delegation went to Hanoi on Sunday for talks with officials there on the fate of thousands of Vietnamese being held as political prisoners because they worked with Americans during the Vietnam War.

The six-member bipartisan delegation also plans to travel to Phnom Penh during its fact-finding mission. It would be the first such trip into Cambodia since the invasion by Vietnam in 1979.

The delegation also is to discuss the fate of about 2,500 U.S. servicemen listed as missing in action in Indochina, the "Orderly Departure Program" of children with American fathers and the effects of the toxic defoliant Agent Orange that was used by U.S. forces during the war.

Relative of Mafia Informer Murdered

BAGHERIA, Sicily (AP) — The brother-in-law of a jailed Mafia boss whose confessions spurred a crackdown against organized crime has been shot to death in Sicily in what police called a vendetta slaying.

Police officials said Pietro Busetta, 62, was shot three times Friday night by an unidentified man as he and his wife prepared to enter their home in the town of Bagheria. The town is in the province of Palermo, a major battleground for the Sicilian underworld.

Mr. Busetta was the brother-in-law of Tommaso Buscetta, the jailed Sicilian mobster whose confessions have brought more than 100 arrests after he was extradited to Italy from Brazil last July. Police said Mr. Busetta had no previous criminal record or suspected ties to the Mafia.

"We have no doubt that the slaying was in retaliation for Buscetta's confessions," said a Palermo police official, who spoke on condition that he not be identified.

For the Record

Anti-British mourners in Londonderry, Northern Ireland, buried on Saturday two Irish Republican Army men shot by British troops. In protest, vehicles in Londonderry and Belfast were hijacked and burned. There were minor scuffles between police and mourners.

Bishop Desmond M. Tutu, the South African winner of the Nobel Peace Prize, arrived Saturday in Britain after his meeting with President Ronald Reagan. Bishop Tutu said that the release of 11 South African leaders, which Mr. Reagan said came from quiet diplomacy, was more likely the result of large U.S. anti-apartheid demonstrations.

The new Roman Catholic apostolic administrator of Bascoche, Bishop Jean Robu, 39, was consecrated at the Vatican on Saturday in a move seen as a significant improvement in relations between the Holy See and Romania. He was appointed in October.

The Basque separatist organization ETA (Basque Homeland and Liberty) claimed responsibility Sunday for a bomb attack on a military convoy near Bilbao, Spain, that killed three soldiers and wounded 11 on Friday. A car bomb containing 55 pounds (25 kilograms) of plastic explosives was set off when the military convoy passed near an infantry barracks at Munguia, near Bilbao.

Larry Flynt, publisher of *Hustler* magazine, did not libel the Reverend Jerry Falwell with a fake ad depicting him as an incestuous drunkard, a jury in Roanoke, Virginia, found Saturday. But the jury awarded the Moral Majority leader \$100,000 in compensatory damages and \$100,000 in punitive damages for the emotional distress.

The 10 EC nations signed an agreement in Rome Sunday to provide 8.5 billion European Currency Units (\$6.2 billion) in aid and trade assistance to 65 countries in Africa, the Caribbean and the Pacific.

Chile Crushes Opponents At a Rising Political Cost

By Jackson Diehl
Washington Post Service
SANTIAGO — A month of strong repression by the government of President Augusto Pinochet has largely smothered his opposition. But the mounting political costs of the crackdown suggest that the general's hard-line policies cannot be sustained, say diplomats and political analysts here.

Since declaring a state of siege on Nov. 6, General Pinochet has managed to return his opponents to the inconspicuous role they held before mass protests against the 11-year-

revival of opposition movements that reject General Pinochet's plans to rule until at least 1989.

Yet, unless General Pinochet lifts the state of siege and initiates some kind of political plan, he may face even more dangerous resistance from civilian and military moderates eager to prevent a violent polarization of the country.

"He can't keep the troops in the street until 1989," said Ricardo Lagos, president of the opposition Democratic Alliance. "But he can't stop protests without them."

General Pinochet has made clear his intention to force dissenting sectors to accept the political model embodied in the 1980 constitution. Under that plan, Chile will move slowly to a limited democratic system that excludes leftist parties and grants exceptional powers to the armed forces.

The government repression has appeared carefully tailored to minimize public alarm that could be turned to the opposition's advantage. Hundreds of organizers and middle-level activists of political parties have been arrested and sent into internal exile. But no top leaders have been persecuted visibly.

Troops turned out in force to halt two days of demonstrations organized by the opposition nearly two weeks ago. Yet paramilitary forces remained off the streets, and for the first time since national protests began in May 1983, no fatalities were reported.

Nevertheless, the military campaign has begun to provoke strong pressures from some of the government's staunchest civilian supporters. Three rightist parties have taken a stand against the state of siege. Several informed observers said



Some of the 5,000 residents of a Santiago slum leaving a stadium after identity checks. They were held after guerrillas killed a policeman and bombed a subway station last week.

NEWS ANALYSIS

old military government began last year. Political debate and public criticism of the government have ceased abruptly, leftist movements have been driven underground, and attempts to organize protests largely have failed.

The underlying political condition appears more unstable. General Pinochet's policies also have brought him into direct conflict with many of his own civilian supporters, as well as with the Roman Catholic Church and the U.S. government.

While eliminating a program of political liberalization strongly favored by these sectors, General Pinochet has not yet offered an alternative plan. Moreover, the terrorism that is the declared object of the crackdown has appeared to increase.

Many political analysts here say the president now faces a difficult dilemma. The government cannot return to its promised transition to democracy without risking a quick

defection of the government's support. The government repression has appeared carefully tailored to minimize public alarm that could be turned to the opposition's advantage. Hundreds of organizers and middle-level activists of political parties have been arrested and sent into internal exile. But no top leaders have been persecuted visibly.

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these defections were matched by differences within the government over General Pinochet's policies.

Interior Minister Sergio Onofre Jarpa Reyes tried last year to negotiate a political plan with leftist opposition parties. He has assured several diplomats and politicians that he continues to favor plans for political liberalization and is supported by large sectors of the armed forces.

Opposition leaders have seized on the signs of trouble within the right as evidence that General Pinochet has suffered a "political defeat" for his policies. However, traditional conservative sectors remain unwilling to join the opposition cause.

While describing the government as trapped, opposition leaders con-

cede that their position has also deteriorated. Although centrist and leftist fronts are continuing to plan demonstrations, the recent failed protests indicated that their movement has neither the organizational strength nor the public support to defy a military crackdown.

Moreover, even the threat of a state of siege has failed to mend deep divisions among centrist and leftist parties.

U.S. officials and some government supporters say the only peaceful solution to the political impasse is a renewed government move toward political transition that wins at least tacit acceptance from the centrist opposition.

The Marxist left would necessarily be excluded from such a process. This would all but recreate the

U.S.-backed center-right alliance that debilitated the rule of the socialist president, Salvador Allende, before the coup.

However, both General Pinochet and his opposition rejected such schemes last year, and their architect, Mr. Jarpa, has lost credibility even among the government's supporters.

Both rightist and opposition politicians say they believe General Pinochet will be obliged to lift the state of siege and ease the crackdown in the coming months. But few believe the political conflict is near solution.

The state of siege "is like giving morphine to the sick patient," said Andres Allierand, the leader of the rightist Movement of National Union. "It just makes the situation worse."

U.S. Seen Deadlocked on Approaches to Managua

By Philip Taubman
New York Times Service
WASHINGTON — The Reagan administration is deadlocked over the development of new approaches for dealing with Nicaragua, according to senior national security officials.

Many senior officials said they believe that the current policy, which was introduced three years ago on the premise that Congress would provide aid to Nicaraguan rebels, has become unrealistic and out of step with developments in Nicaragua and Washington.

As a result, a number of new policy options have been proposed in recent weeks but none has proven acceptable to a majority of officials.

One proposal, presented by the Defense Department in late November, called for recognizing the rebels as the legitimate government of Nicaragua and then asking Congress to give them overt military aid. It was later withdrawn because

of lack of support within the administration, the officials said.

They reported that other options, ranging from the use of military force against Nicaragua to negotiation of a political settlement, also are opposed by many senior officials.

After President Ronald Reagan's re-election, administration officials said, Secretary of State George P. Shultz pressed the White House to approve an intensification of diplomatic approaches to Nicaragua. They said he appeared to be gaining support when the administration's attention was diverted in mid-November by the Soviet Union's offer to conduct talks about renewing arms limitation negotiations.

"The two main alternatives to current policy — outright military intervention or a political solution — are both unacceptable," one State Department official said, "but there's no agreement on what else to do."

The current policy, which rests on the conclusion that Nicaragua has served as a base for Soviet and Cuban subversion in Central America, has emphasized the use of the rebels to press the Sandinists to modify their behavior.

At the center of the current concern is whether the rebels can counter, without further American aid, the recent acquisition by Nicaragua of new Soviet weapons, including heavily armed and maneuverable Mi-24 attack helicopters that are considered especially effective against insurgent forces.

In October, as part of a budget compromise, Congress approved \$14 million in covert aid for the rebels for the current fiscal year, but stipulated that no money be spent unless it renews approval some time after March 1, 1985. Renewal is considered unlikely, particularly in the House of Representatives, which repeatedly has voted against additional support.

Although the rebels have sustained themselves in recent months with private donations and help from other governments, some administration officials question whether the insurgents can survive through 1985 without U.S. aid. If the rebels collapse, many administration officials say, U.S. policy will be at a dead end.

For that reason, the officials said, the Pentagon, at the direction of Fred C. Ikle, the undersecretary of defense for policy, proposed transferring diplomatic recognition to the rebels and asking Congress to provide them with the same kind of overt military assistance that the United States gives to many nations.

The recommendation was withdrawn, according to Pentagon and State Department officials, in the face of strong opposition from the State Department, including warnings that if the United States recognized the rebels and gave them military aid, Washington might ultimately be forced to come to their defense with U.S. military force.

The stalemate within the administration over Nicaragua is said to revolve around three officials, Mr. Shultz, Mr. Ikle, and William J.

Casey, the director of Central Intelligence. According to administration colleagues, each man and the agency he represents advocate a somewhat different approach toward Nicaragua.

Although there is a consensus among the three men and within the administration that the military buildup in Nicaragua should be curtailed and that the Sandinists must move toward democratic rule, there are major differences over how to achieve those goals, according to White House, State Department, and Pentagon officials involved in the shaping of policy toward Nicaragua.

Mr. Shultz, the officials said, has advocated seeking a political settlement through direct talks between Washington and Managua and through the effort of four Latin American nations, known as the Contadora group, to develop a regional peace plan for Central America.

Mr. Casey and Mr. Ikle are wary of a political settlement, according to administration aides. The aides said Mr. Ikle and Mr. Casey fear that Nicaragua would not abide by any agreement and that even the best terms would, in effect, sanction a Soviet and Cuban role in Central America.

The CIA director, who has been a leading proponent of the rebels and took a personal hand in directing their operations through the Central Intelligence Agency, has told the White House that the insurgents can remain a viable force even without U.S. aid, according to a White House official.

Administration officials said that unless Mr. Reagan and his national security adviser, Robert C. McFarlane, tried to resolve the policy differences, it was unlikely that alternatives to current policy would gain acceptance.

Milan Fetes Patron Saint

(Continued from Page 1)
is La Scala's superintendent, Carlo Radini. "Means," one knowledgeable Milanese said, "that the friends of the Socialists are the first to get tickets."

"Since it is not necessarily fashionable to be friends of the Socialists," this Ambrosiana said, "many of the town's most fashionable people don't want to go on opening night. And some of the nobility views going on opening night as an affection of the bourgeoisie, so they prefer to go later."

Before they got to the parties, La Scala's formally dressed opening-night patrons were greeted by a group of demonstrators jeering and chanting slogans. A spokesman for La Scala said the demonstrators were from a factory that is on strike. "They just want to shout at rich people," he said.

What remains from St. Ambrose is not just fashion or orderliness. Among other things, Mr. Rumi noted, St. Ambrose contributed a separate liturgy to Roman Catholicism, a form of social organization based on small parishes and a sense of identification between his city and Christianity that has survived waves of secularization. The Milanese churches were packed Thursday night and, again, Friday.

Tremors Rattle Naples Area

United Press International
NAPLES — A series of minor earthquakes were felt in the Naples area Saturday night, sending thousands of people fleeing from their homes but causing no damage or casualties, police said. The National Geophysics Institute said the strongest of eight tremors measured 3.7 on the Richter scale.

Mr. Murphy was last in the Middle East on a similar mission in October, but left the region before the U.S. presidential election. His return here has been interpreted as a sign of renewed interest by the Reagan administration in bringing about a solution.

Union Carbide Chief Leaves India, Offers \$1-Million Fund

(Continued from Page 1)
caused by this tragedy shall be mitigated as early as is humanly possible."

Union Carbide was arranging for "eminent" foreign experts on the chest and eyes to come to India, the company statement said. It also was providing medical supplies, such as respirators and oxygen regulators.

As much of Bhopal returned to normal over the weekend, radio broadcasts quoted health officials as saying the city's water was fit for consumption, although reports said the local fish market had been shut in case of contamination.

Vicinity still were coming to hospitals in the city over the weekend, and doctors said Sunday that viral pneumonia was posing a new danger.

But R.K. Bhandari, superintendent of Tamiada Hospital, said Sunday that the worst was over.

"The number of deaths are going down and people are also responding better to treatment," Mr. Bhandari said. Doctors were not certain about the long-term effects of the gas, he added.

Mr. Bhandari said that people who were released still faced problems and that viral pneumonia was posing a new problem. Doctors said that poor and undernourished slum dwellers who had suffered lung damage from the gas were more susceptible to viral pneumonia, for which there was no specific treatment.

Inhalation of the poisonous gas can damage lung tissues and cause edema, a swelling of the lungs with water.

Before leaving India, Mr. Anderson had a meeting in New Delhi on Saturday with India's foreign secretary, M.K. Rasgotra. The talks were described by a U.S. Embassy spokesman as long and friendly.

The authorities in Bhopal, the Madhya Pradesh state capital, arrested Mr. Anderson on Thursday on five charges, including criminal negligence, as he arrived to head his company's inquiry into the leak.

Six hours later he was granted bail of \$2,000 and freed on the understanding that he leave India as soon as possible.

His release brought criticism from opposition political parties. Among those criticizing the state government's action was Chandra Shekhar, president of the Janata Party. He called the arrest and release "a big fraud on the people."

In a statement, Mr. Shekhar said that Mr. Anderson had been released on "express instructions of high-ups in the government" who feared that prosecution would "reveal the complexity and negligence of the state and central government."

(WP, Reuters, UPI, NYT, AP)

2 Solidarity Leaders Freed in Poland

(Continued from Page 1)
main true to God in days of defeat."

The dispute began Dec. 1, when pupils hung crosses in 17 classrooms and a school shop, according to the weekend edition of the local Communist Party newspaper, *Slowo Ludu*.

Authorities removed the crosses, they said, on the grounds that schools are state property and that Poland's constitution provides for the separation of church and state.

Slowo Ludu said the students began their sit-in two days later, boycotting lessons, singing religious songs and decorating the school halls with Roman Catholic emblems.

About 300 of the school's 700 pupils have been occupying the building in daytime and 150 have camped there overnight, the newspaper said. The school has suspended lessons until further notice.

31 More Poles Defect
Thirty-one more Poles defected in Travemunde, West Germany, from the ferry Rogalin, raising to 534 the number who have jumped ships on arrival in West Germany since mid-November. The Associated Press quoted border police as saying, "The latest group defected Friday evening, a border police spokesman said."

The Rogalin docks in Travemunde twice a week as it sails from the Polish Baltic ports to Copenhagen and back. So far this year, at least 862 Poles have defected from the 7,500-ton ferry during stops in the West German Baltic port.

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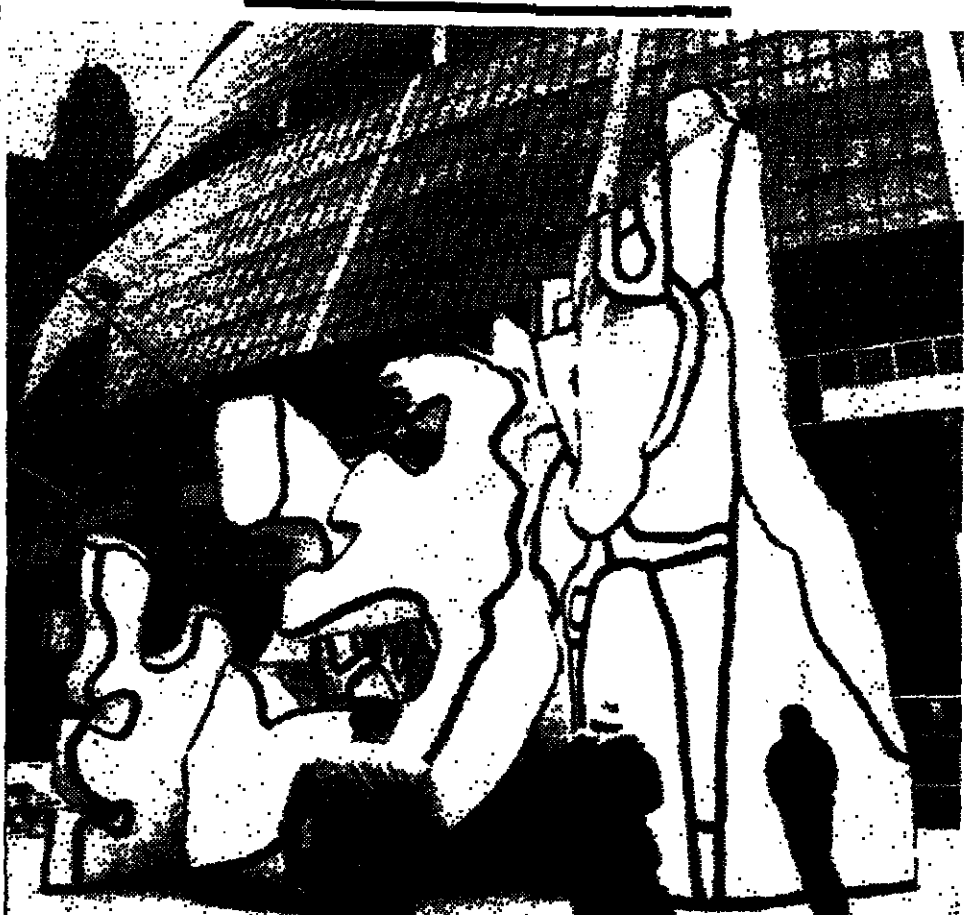
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AMERICAN TOPICS



Jean Dubuffet's sculpture "Monument With Standing Beast" in downtown Chicago.

A Beastly Work of Art Is Unveiled in Chicago

An abstract sculpture 29 feet (8.7 meters) tall by Jean Dubuffet of France was unveiled last month in downtown Chicago. "Monument With Standing Beast," privately financed, joins other giant art objects by Pablo Picasso, Alexander Calder, Claes Oldenburg, Joan Miró and Louise Nevelson that have given The Loop a worldwide reputation for 20th-century outdoor art.

Made of fiberglass painted black and white over a steel framework, "The Beast," as it already has been nicknamed by Chicagoans who don't know quite what to make of it, stands in front of the unfinished State of Illinois Center. The center looks like a giant spaceship.

"The Beast" has been compared to a lighthouse, a haunted house, a rearing horse, a melting snowman. Governor James R. Thompson, who unveiled the work, said his 6-year-old daughter Samantha thinks at least part of it looks like Snoopy, the dog in the comic strip "Peanuts."

Dole Says He'll Push Meese's Confirmation

"I think we've held Ed Meese hostage long enough," says Senator Robert J. Dole, a Kansas Republican who will take office as Senate majority leader when Congress reconvenes in January. "One of the first orders of business" when Congress reconvenes should be the confirmation of Mr. Meese as attorney general, Mr. Dole says.

Early this year, President Ronald Reagan nominated Mr. Meese, the White House counselor, as attorney general. Then came a five-month inquiry into reports concerning Mr. Meese's financial dealings with people who had received federal jobs. A special prosecutor announced Sept. 20 that there was no basis for bringing charges

against Mr. Meese. Mr. Reagan has said he will resubmit the nomination.

Indian Tribes Clash Over Hunting Code

The Shoshones and the Arapahoes were enemies when members of both tribes were moved onto the 2-million-acre (800,000-hectare) Wind River reservation in central Wyoming more than a century ago. Now the two tribes are fighting again, but the battleground is federal court.

Contending that excessive hunting by the Arapahoes has depleted deer, antelope and elk herds to the brink of extinction, the Shoshones have won a ruling that the Arapahoes must abide by a hunting code imposed by the U.S. Bureau of Indian Affairs.

The Arapahoes, insisting that the claims are groundless, have appealed the ruling. The Bureau of Indian Affairs says the hunting code was imposed only until the two tribes could agree on their own code. They have a joint council that decides on other inter-tribal matters and they are now discussing a hunting code, although anger still runs high.

Short Takes

When Christmas falls on a Tuesday, as in 1984, or on a Thursday, federal employees usually get the preceding Monday off or the following Friday off. Not this year. Donald J. Devine, head of the U.S. Office of Personnel Management, said that with "significant cuts" being planned in government spending, it would be unseemly for the government, with a daily payroll of \$223 million, to allow an extra day off.

More than a quarter of the inmates released from state prisons are back behind bars in two years and nearly a third are back in three years, mostly for new

crimes rather than parole violations, according to a 14-state study by the U.S. Department of Justice. Burglars are the most frequent repeaters.

Of the 15 state liquor boards that suspended sales of Russian-made Stolichnaya vodka after Soviet jets shot down a South Korean airliner 15 months ago with a loss of 269 lives, only 5 maintain the boycott today, and those states are under pressure to drop the bans.

Notes About People

When Geraldine A. Ferraro telephoned George Bush last month to concede that she had lost in her run for the vice presidency, he invited her to lunch. They ate together in the vice president's office last week, with their respective coaches for their television debate, on consommé, salmon steak, potatoes *Lyonnaise*, asparagus, tossed salad, nut fudge brownie à la mode and white wine. They said they discussed, among other things, her problems with the House Ethics Committee and his with the Internal Revenue Service. She did not mention the salty language Mr. Bush used about her, Mrs. Ferraro said. "I don't think any apologies were expected or necessary."

The "Virginia City," an extravagantly decorated, 56-year-old private railroad car that once belonged to Luchas Beebe — a journalist, union buff and self-described bon vivant who died in 1979 — has been purchased in mint condition from the Beebe estate. Wade Pfeiffer, 38, an air-conditioning installation foreman of Redwood City, California, and a partner paid \$72,000.

— Compiled by ARTHUR HIGBEE

Reagan Hints at Military Cuts, Praises Treasury's Tax Plan

By Francis X. Clines
New York Times Service

WASHINGTON — President Ronald Reagan has praised the Treasury Department's study proposal for income tax simplification as "the best and most complete" he has seen, but he stopped short of offering it as his own.

At the same time, Mr. Reagan came closer to confirming that he might trim back the military budget's rate of growth, saying he would ask Defense Secretary Caspar W. Weinberger to "see what he can contribute" to the deficit-cutting package the White House will propose to Congress.

"There are only two things" in the budget discussion that cannot be changed, Mr. Reagan said. "One of them is Social Security and the other is the interest on the [national] debt."

In a news conference at the White House on Friday, he depicted budget cuts and income tax revisions as a mandate of his re-election and as the key to continued economic growth.

"The people voted against tax increases and they were right," he said. "And they voted against wasteful government spending, and they were right."

Thus far, Mr. Reagan has privately selected \$34 billion of proposed nonmilitary cuts that would reduce or end more than 100 government programs of current federal aid and services to the public. He is seeking \$8 billion more in proposed savings, with some aides urging that this come from slowing the growth of military spending.

Mr. Reagan renewed his campaign vow to oppose any attempt to reduce Social Security payments to shrink the deficit. Republican leaders in Congress have proposed trimming \$7 billion in cost-of-living increases in Social Security next year.

Mr. Reagan offered a spirited defense of one of the more controversial proposed cuts, that the government's civilian employees take a 5 percent pay cut. "We're doing something that has been done in a number of major industries" in hard times, he said.

Until Friday, Mr. Reagan had little to say on the separate issue of changing the tax code. The Treasury Department's study recommendation to drastically alter the current income tax system in the name of simplification generated initial skepticism among many in Congress.

Asked whether he now embraced the number of tax rates and eliminating a large number of deduction advantages, Mr. Reagan carefully described it as "a working paper" and "a broad package," and added: "Obviously, there are points that you want to look at. It does simplify, it does reduce for most individuals, and it does broaden the base in the sense of getting some people or some businesses back to paying more of a fair share rather than leaving it to someone else."

While some administration officials hope to see Mr. Reagan seek an \$8-billion cut in the growth of military spending, he again emphasized this question would await his meeting this week with Mr. Weinberger.

Commenting on the warning from Republican leaders in Congress that any fair austerity budget must include military cuts, Mr. Reagan said, "We know that it's important to cross the board, to see that everyone participates in trying to achieve this freeze."

Congressman Urges Cuts

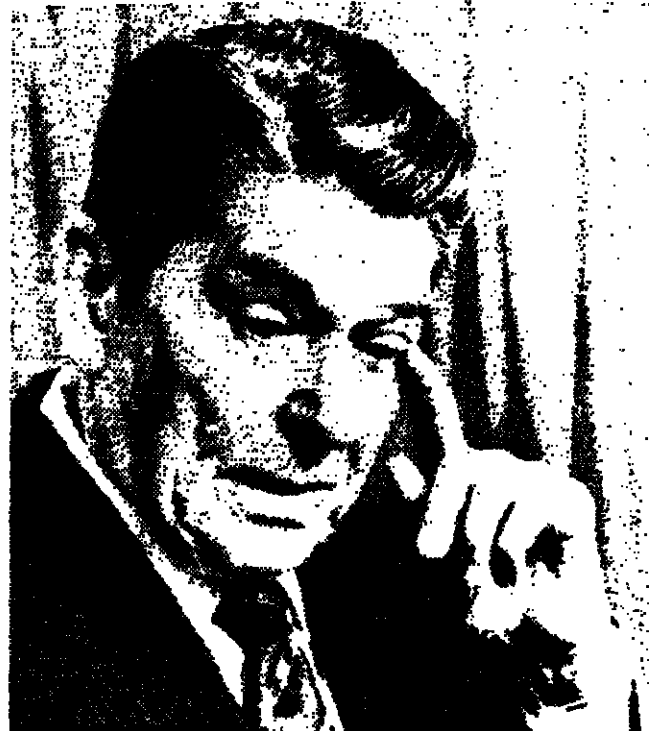
George C. Wilson and Fred Hiatt of The Washington Post reported from Washington.

Representative Joseph M. McDade, President Reagan's new point man for the forthcoming battle of the defense budget in the House, has called for reducing the growth of the defense budget.

"From the standpoint of the Defense Department and its credibility in the country, the deficit demands that the defense budget be part of the reduction process," Mr. McDade said in an interview.

"To try to get the old 14 percent increase or whatever this year in defense is just out of the question," Mr. McDade said, "and I intend to make that clear to the secretary" in the upcoming congressional disposition of the budget.

When the next Congress convenes in January, Mr. McDade, a Republican of Pennsylvania, is to



Ronald Reagan ponders a question at a press conference.

become the ranking minority member of the House Appropriations subcommittee on defense, a job that calls for him to defend the Pentagon money bill on the House floor.

Mr. McDade made his comments shortly after a private meeting with Mr. Weinberger in which the defense secretary made his case for fighting significant reductions in the Defense Department's fiscal 1986 budget, which will go to Congress next month.

Mr. McDade's stand, together with the new call by Senator Barry

Goldwater, a Republican of Arizona who is incoming chairman of the Senate Armed Services Committee, to freeze defense spending at this year's level, means that Mr. Weinberger will be fighting for his budget on at least three fronts: at the president's Office of Management and Budget and in both houses of Congress.

David A. Stockman, the director of the budget office, is recommending that the military budget be held below projections by \$8 billion, \$20 billion and \$30 billion in fiscal 1986, 1987 and 1988.

South Africa Is Concerned U.S. Protests Could Harm Relations

By Michael Parks
Los Angeles Times Service

PRETORIA — The South African government has released 16 political detainees and issued visas to two leading American critics because of mounting concern over the impact of U.S. anti-apartheid demonstrations on its relations with the United States, according to informed sources in and outside the government.

The moves by the South African government reflect a growing realization that the continuing protests could lead to possible American economic sanctions against Pretoria and that the Reagan administration's policy of "constructive engagement" was now at risk, the sources said.

In a conciliatory gesture, the first since the demonstrations began in the United States, Pretoria on Friday released on bail five persons charged with organizing a general strike by hundreds of thousands of black workers here last month. It also freed unconditionally 11 other political detainees, all of whom had been held in solitary confinement for a month or more.

South Africa also issued visas to two leading U.S. opponents of

apartheid, Senator Edward M. Kennedy, Democrat of Massachusetts, and the Reverend Jesse L. Jackson, for visits here next month.

Further moves meant to meet some of the criticism of the U.S. protests, among them congressional, protest, labor leaders and civil rights activists, are under consideration, according to the sources.

"We are facing a major crisis in our relations with the United States," said Carl Nofke, director of the Rand Afrikaans University's Institute of American Studies in Johannesburg. "It is real, it is developing quickly, and we are not prepared for it."

John Barratt, director of the South African Institute of International Affairs, said the breadth and strength of the American protest, particularly those by Republican congressmen sympathetic to South Africa in the past, had apparently caught the government by surprise, but that it would move quickly to try to quiet the controversy.

For South Africa, good relations with the United States are vital since they enable it to withstand criticism from the rest of the world and thus, Pretoria contends, to move toward rapprochement with

neighboring black African states and toward political reform domestically.

Without the American support it has had under the Reagan administration's policy of "constructive engagement," South Africa officials say, the government would have had little choice but to take a harder line at home and abroad.

Although South Africa's critics challenge this argument, especially assertions of progress on race relations, it is nonetheless central to Pretoria's policy-making, and officials here became deeply concerned as they saw the impact of the protests in Washington and half a dozen other U.S. cities.

"The more we are attacked, particularly from abroad, the more stubborn we get — this is the character of the Afrikaner," said a member of Parliament from the ruling National Party. He is an Afrikaner, the Dutch-descended minority with most political power.

"What I am afraid of is that we will get so angry that we will abandon these reforms we have begun and do something stupid, like a big show trial or more detentions, just to prove that we will not be pressured or bullied."

Protests to Go on Despite Prisoner Release

Compiled by Our Staff from Dispatches

WASHINGTON — Organizers of nationwide protests against South Africa's apartheid policy have called the release of 16 jailed dissidents there a "minor victory" and said they would continue demonstrating until all their demands were met.

Fourteen persons, including three members of Congress, were arrested in four cities Friday, capping the second week of anti-South African demonstrations. At least 79 people have now been arrested in protests against apartheid across

the United States, including 13 members of Congress.

The demonstrators are calling for the release of 21 labor leaders who they say are being held in South Africa, along with political prisoners. They also are demanding a constitutional convention involving the South African government and opposition leaders.

In New York on Saturday, the executive committee of the National Association for the Advancement of Colored People approved programs to fight South Africa's policy of racial separation.

The organization's executive director, Dr. Benjamin L. Hooks, said the NAACP would hold demonstrations at the South African Embassy and all 13 South African consulates in the United States.

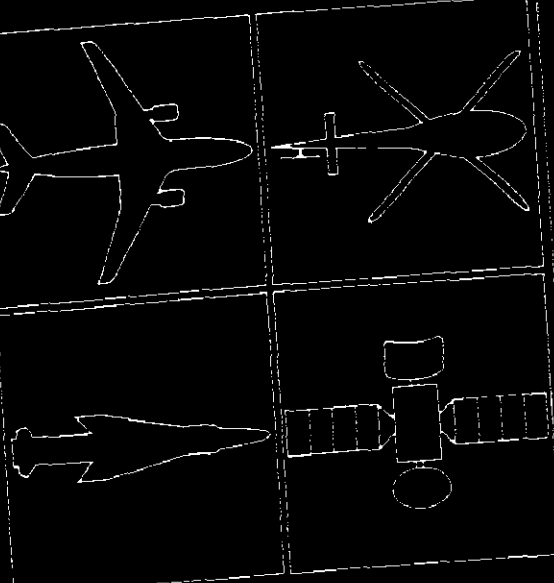
Mr. Hooks also called on the Reagan administration to drop its policy of quiet diplomacy toward South Africa in favor of taking "every effort, sanction, economic boycott, diplomatic withdrawal of representation, whatever it takes," to pressure Pretoria to change its racial policies.

(UPI, NYT)

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Greens Fail To Resolve Question of Coalitions

By James Markham

HAMBURG—The Greens Party failed this weekend to resolve one of the central questions of West Germany's unsettled politics—whether to forge coalitions with the left-leaning Social Democrats.

Three days of debate here left the opposition Social Democrats in the awkward position of uncertain suitors. A compromise between the Greens' "fundamentalist" and "realist" wings pigeonholed the matter.

Confrontation between the party's two wings pivoted on a fundamentalist resolution that ruled out participation in a Social Democrat-led government in 1987 and a realist paper that effectively left the issue open.

A split was averted by a compromise resolution declaring that the Social Democrats were not currently acceptable as coalition partners, but which left open a final decision for 1987. Adopted by a vote of 342 to 264, it gave leeway to regional Green organizations to decide on forms of "cooperation" with other parties.

Champions of an imperiled environment and advocates of pulling West Germany out of the Atlantic alliance, the leftist Greens have established themselves as West Germany's third political force and have demonstrated a capacity to make other parties chase after them.

The coalition issue is important to both the Greens and the Social Democrats because of three key state elections early next year that could set precedents for the 1987 general election.

Nicknamed "fundalos," Green opponents of a coalition are a shifting alliance of Marxist-Leninists—strong in Hamburg, Frankfurt and West Berlin—and foes of industrial civilization who claim to discern a revolutionary apocalypse on the horizon.

Evoking the upheavals of the Protestant Reformation and quoting from the Prophet Hosea, Rudolph Bahro—a former East German Communist who recently found spiritual repose with an Indian guru in Oregon—stunned many Green delegates with a tirade against research, development and production.



Dancers opened the Green Party convention in Hamburg.

"Out!" screamed Mr. Bahro. "Out of the system!" He drew shouts and angry catcalls by contending that the Greens' position in West Germany was similar to that of the Nazis as they rose in the crumbling Weimar Republic six decades ago.

Mr. Bahro's following is not great but he formulated in extreme language a yearning among many Greens to remain autonomous and uncontaminated by politics, preserving their organization's identity as a "movement."

The Marxist-Leninist faction, which was in control of much of the parliamentary proceedings on its home Hamburg turf, has different reasons for keeping the Social Democrats at arm's length.

Its calculation is that by entrenching themselves in intransigent positions—demanding the dismantling of West Germany's nuclear power network, the withdrawal of U.S. troops and unilateral disarmament—the Greens can increase their share of the vote and force the divided Social Democrats further left.

Brusied by the unhappy experience of short-lived understandings with minority Social Democratic governments in Hamburg and Hesse states, the Marxist-Leninists hope to strengthen the Greens' bargaining power and make inroads into the union movement.

"With Bahro," said Thomas Ebermann, an influential Hamburg Green, "we share the fear that we could be driven into the arms of the big SPD."

The Greens' realist, or "realo" wing, argues that the party's success has already implicated it in the dirty business of government and that to spurn piecemeal gains—such as laws making it easier for leftists to get government jobs—is silly. After making it into the national parliament a year ago, the Greens have secured representation across West Germany in state legislatures and city halls.

Under rules adopted by the Greens to prevent the emergence of professional politicians in their midst, Greens deputies must give up their seats and committee posts to relatively unknown successors in March, halfway through the four-year parliamentary cycle.

Opposition to this so-called rotation rule unifies some of the "realos," who contend that the party is jettisoning useful experience and will go into the 1987 elections with unknowns at its head. But rotation also irks some "fundalos" like Petra Kelly, the founder of the Greens, who has refused to give up her Bundestag seat.

The whole thing is so hypocritical," she said. Miss Kelly noted that many deputies who were giving up their seats intended to reclaim them in 1987, while a number of Marxist-Leninists were retaining key positions in the party bureaucracy while professing support for rotation.

In contrast to past Greens' congresses, the issues of world peace and the deployment of U.S. medium-range nuclear missiles in West Germany were hardly mentioned. Organizers of the anti-missile movement said in conversations that they plan no nationwide demonstrations in 1985.

Germans Told to Put Up Sickly Trees

Reuters

BONN—The traditional decorated Christmas tree has become a symbol of West Germany's dying forests for many people this year. "Churches and town councils should display only visibly diseased Christmas trees to show people the damage pollution is doing," said Helmut Roesch, director of the national Nature Protection League.

Some activists say families should not celebrate Christmas around a real tree at all. Other environmentalists say that the seasonal spruce and fir will bring the problem of the nation's choking woodland right into people's homes. Three out of four homes, 17 million in all, put up a tree last Christmas.

Official studies show that up to half the country's trees, which cover a third of its area, are either diseased or dead because of airborne industrial pollution and vehicle emissions.

In the Black Forest, one of the worst-hit regions, the spa resort of Hinterzarten has deliberately erected a frail and rather sickly looking tree on the main square this year to drive home to the public the extent of crisis.



Jacques Delors, left, and Willy De Clercq

the Greek government, is to be responsible for regional policy and relations with the European Parliament.

Henning Christophersen, former deputy prime minister and finance minister of Denmark, is to be responsible for the budget.

Nicolas Mosar, a former member of the Luxembourg parliament, is to be in charge of energy.

Peter D. Sutherland, a former attorney general of Ireland, is to be in charge of competition policy and social affairs.

The assignments were made with a view to accommodating the naming of two commissioners by Spain and one by Portugal when the two countries join the community Jan. 1, 1986, a spokesman for Mr. Delors said. He declined to say what assignments they would get, stating that some of the multiple responsibilities currently assigned to the commission taking office in January were "detachable," and would be transferred to the Spanish and Portuguese commissioners when they are named.

Thatcher Praises U.S. Position on Arms

By Michael Getler

LONDON—Prime Minister Margaret Thatcher has "no doubt" that upcoming U.S.-Soviet arms-control talks will be conducted by Washington "on a basis on which there are no concessions unless they are mirrored by equal concessions from the other side on a one-for-one basis."

Mrs. Thatcher, who is to meet here later this month with Mikhail S. Gorbachev, a high-ranking member of the Soviet Politburo, lent her strong support to that approach, declaring, "That is the basis on which we are likely to get the reductions that will hold."

In a wide-ranging interview with American reporters on Friday, Mrs. Thatcher credited increased U.S. weapons spending in recent years as one of the "things which bring disarmament talks nearer."

She also said that the "great moment of decision" in relations with Moscow came "when the West stood firmly together and did not in any way submit to the false blandishments of the Soviet Union" not to deploy cruise and Pershing-2 nuclear missiles in Western Europe.

Mrs. Thatcher said that the Reagan administration now has "a historic opportunity and is taking it" and that the Western alliance is going into the new year "absolutely firm and with a positive position on East-West relations."

The prime minister's year-end meeting with the reporters came after a one-hour meeting with U.S. Secretary of Defense Caspar W. Weinberger, who stopped here after a NATO meeting in Brussels and talks in Saudi Arabia.

Asked if, based on her talks with Mr. Weinberger, she thought a new Middle East peace initiative by the United States was likely in 1985, Mrs. Thatcher said, "I believe there probably will be."

She will have a busy pre-Christmas week. After meeting Mr. Gorbachev on Dec. 17, she is to fly to Beijing to meet with Prime Minister Zhao Ziyang and sign the agreement turning over Hong Kong to China in 1997.

On her way back, she is stop at Camp David on Dec. 22 to meet with President Ronald Reagan. She

is to provide Mr. Reagan with a personal report on her meeting with Mr. Gorbachev, who is seen in the West as a possible successor to President Konstantin U. Chernenko of the Soviet Union.

Mrs. Thatcher also made these points:

• Although an increasing number of British politicians of all parties are worried about the \$11 billion cost to Britain of building four Trident missile submarines, the prime minister said the project was "absolutely vital" to maintaining the country's deterrence against nuclear attack. But, questioned about ways to trim the program, Mrs. Thatcher twice mentioned that "the number of missiles is still a matter of consideration."

• Aside from attempts thus far

to restore normal relations with Argentina after the 1982 war in the Falkland Islands, Mrs. Thatcher said she has no plans to discuss the islands' sovereignty with Buenos Aires. "The Falklands are British territory," she said. "The people have a right of self-determination, therefore, their wishes are paramount."

• On Britain's coal strike, which will enter its 10th month this week, Mrs. Thatcher said, "I don't know how it will end" other than perhaps by the "gradual trickle back to work" of the strikers that has been going on. "It cannot be a negotiated settlement," she said, "while the leadership of the National Union of Mineworkers holds to a position from which it has never budged: that uneconomic pits can never

close. That just doesn't make sense."

Mrs. Thatcher also paid homage to the "enterprise culture of the United States."

"We had it," she said of Britain, and now "we are trying to regain it." British skills in research and innovation, she said, "are extremely high. But what we are not so good at is turning that into industrial profit. You pick them up and so has Japan."

What Britain needs to create more jobs and deal with a 13-percent unemployment rate, she said, is to "regain the spirit of enterprise which leads people to say, 'I'm going to start up on my own to build a business that employs people and gives them a living. You don't hear people in this country saying that enough.'"



Prime Minister Margaret Thatcher and Caspar W. Weinberger, the U.S. defense secretary.

Reagan Aides Strive to Take a Consensus to Geneva

By Lou Cannon

WASHINGTON—President Ronald Reagan's advisers are saying that they have devised an orderly system for overcoming bitter arms control conflicts within the administration that will make it possible to achieve a nuclear arms agreement with the Soviet Union.

This growing, although unspecified, optimism was reflected by Mr. Reagan in a press conference Friday when he declared that he was "very gratified" with recent statements by Soviet leaders favoring elimination of nuclear weapons.

Administration officials who discussed the arms control issue under condition that they not be identified, said the process, which is centralized in an interagency group chaired by Robert C. McFarlane, national security affairs adviser, would smooth out the conflicts between various departments that plagued Mr. Reagan's first term.

They also said that Mr. Reagan was far more involved in the process than before, although they acknowledged that he still faces difficult decisions in coming up with a consensus proposal to present to the Soviet Union.

Critics of the administration, including the president's defeated Democratic opponent, Walter F. Mondale, have frequently charged that Mr. Reagan was dangerously ill-informed on arms control. Some administration officials have acknowledged this in a backhanded way by saying that the president now understands "the fundamental concepts of stable deterrence."

During his first term, Mr. Reagan was so unfamiliar with these concepts that he expressed surprise when his 1982 proposal for reducing strategic nuclear weapons was rejected by Moscow as an unacceptable basis for negotiation. The proposal would have required Moscow to remove most of its land-based missiles without comparable U.S. cuts.

Now, say officials, the president has made arms control a top priority of his administration, reflecting one view urged by advisers that he could leave office as a "peace president" if he succeeds.

Secretary of State George P. Shultz and the Soviet foreign minister, Andrei A. Gromyko, are scheduled to meet in Geneva on Jan. 7-8 to arrange an agenda for

new negotiations to control nuclear arms and space weapons.

"Reagan is going to have to make some tough decisions before Jan. 7," said one official. "He is optimistic but he has no illusions."

The new interagency group designed to smooth over differences of opinion in the administration, the cabinet-level National Security Planning Group, was created by William P. Clark shortly before he left the national security adviser's post in October 1983.

Headed by Mr. McFarlane, the group is designed to thrash out conflicting positions on arms control and present a consensus recommendation to the president. In Mr. Reagan's first term, consensus has been a rarity and the president frequently has been presented with conflicting views to arbitrate.

Mr. Reagan has held three meetings with the group to discuss arms control options. These meetings have been described as largely free of friction because potential conflicts have been aired in working-group sessions, including one that was held Friday.

Nonetheless, many in the admin-

istration believe the conflicts will bubble up again if Mr. Shultz and Mr. Gromyko agree to undertake follow-up talks on arms control.

The president, for example, reportedly remains unwilling to abandon his interest in developing an anti-missile weapons system, even though he has been warned that it could make successful negotiations with Moscow impossible. However, one official said it is possible that the president's Strategic Defense Initiative, called "Star Wars," could be traded away.

At his press conference on Friday, Mr. Reagan was asked whether he thought the Russians genuinely wanted an arms control agreement. He replied that "there's no way for me to make a judgment on that until we get into conversation with them."

But in private conversations with his aides, Mr. Reagan has said he believes that Moscow is ready to negotiate seriously on arms control because of the high costs entailed in trying to match the United States in space weapons. He also has told aides that Moscow now recognizes after the U.S. elections that he has widespread public support.

De Clercq Named Head Of EC's Foreign Affairs

By Axel Krause

PARIS—Willy De Clercq, who is to be the new head of external relations and trade policy for the European Community Commission, says that he will try to improve the EC's currently strained trade relations with the United States.

The assignment of Mr. De Clercq, the vice prime minister and finance minister of Belgium, and of 13 other EC commissioners were announced Saturday by Jacques Delors, the former finance minister of France, who will be president of the community's executive body when it takes office Jan. 6.

"We need cooperation, not confrontation," Mr. De Clercq said Saturday, referring to recent conflicts with the Reagan administration in such international organizations as the General Agreement on Tariffs and Trade and the Organization for Economic Cooperation and Development. Mr. De Clercq commented following a two-day strategy meeting of the new commission held near Paris.

The disputes, which the Belgian official called "very troubling," stem from Washington's recently renewed attacks against EC subsidies in such sectors as steel. They have been accompanied by U.S. insistence in GATT and the OECD that the EC, among other U.S. trading partners, remove trade barriers, particularly in such areas as services, banking and insurance.

Claude Cheysson, who was replaced as France's external relations minister on Friday, is to be responsible for Mediterranean policy and North-South relations, although he had sought the post of development commissioner. Mr. De Clercq is to have overall responsibility for external relations.

The announcements reflected Mr. Delors' intention to strengthen the commission's role in internal and foreign affairs and to assign commission posts before the first meeting, which is scheduled for Jan. 7.

Mr. Delors, in addition to his duties as president, is to supervise monetary relations, which will include reinforcing EC monetary cooperation, another priority he wants the commission to pursue during its four-year term.

Other assignments included the following: • Lorenzo Natali of Italy is to retain his current assignment as commissioner for EC enlargement and take on cooperation and development. The second Italian commissioner, Carlo Ripa di Meana, a journalist and former member of the European Parliament, will be in charge of institutional and cultural affairs, information and tourism.

• Karl-Heinz Narjes of West Germany, currently commissioner for internal markets, is to be in charge of industry policy, information technology and research. Alois Pfeiffer, a former West German trade union leader, is to be responsible for economic affairs, employment, credit and investment.

• Lord Cockfield of Britain, formerly secretary of state for trade, is to be in charge of internal markets, financial institutions and taxation. Stanley Clinton Davis, the second British commissioner and a former Labor member of Parliament, is to be responsible for environmental and consumer affairs, forests and transport.

• Frans Andriessen of the Netherlands, currently the commissioner in charge of competition policy and parliamentary relations, is to be responsible for agriculture and fisheries.

• Grigoris Varfis of Greece, formerly in charge of EC relations with the Greek government, is to be responsible for regional policy and relations with the European Parliament.

Henning Christophersen, former deputy prime minister and finance minister of Denmark, is to be responsible for the budget.

Nicolas Mosar, a former member of the Luxembourg parliament, is to be in charge of energy.

Peter D. Sutherland, a former attorney general of Ireland, is to be in charge of competition policy and social affairs.

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Lakes have begun to dry up, notably Japan's largest, Lake Biwa, which serves as a reservoir for 13 million people in the Kyoto and Osaka areas. Biwa dropped 30

inches (76.2 centimeters) below the normal November level, and the lake bottom is poking through in places.

Several companies warned of possible production cutbacks, and some ordered their employees to recycle water whenever possible.

"I think in the long run, we're going to find that not having typhoons is a bad thing," said Takashi Nitta, head of the planning division of the Japan Meteorological Agency. "Of course, usually we have a loss of lives and property, so avoiding that is good. But this water situation is more of a problem than we thought it might be."

There could be a shortage of water, one of the few resources Japan normally has in abundance, is hard for many people to grasp.

The government has been loath to make too much of the problem, perhaps in part because it has lately emphasized the need for aid to drought-stricken African countries.

Nevertheless, the uncertain weather has been a prime topic lately in a country that sees itself, correctly or not, as buffeted more than the average nation by typhoons and other natural calamities.

Weather reports, for example, consume much more time on national television news programs

This year, as the result of a strong high-pressure system blanketing the country, all 26 storms dissipated before they reached the archipelago.

The same weather system, meteorologists say, gave Japan record hot spells last summer.

New Revolution In China: Tango

Reuters

BEIJING—Beijing residents are trying to tango, walk, foxhunt and juggle their way to victory in the Chinese capital's first ballroom dancing competition since the 1950s, the Xinhua news agency reported Sunday.

Although couples can also choose blues and disco dances, 60 percent of the 300 entrants are 47 to 54 years old, who learned to dance before Mao's puritanical clampdown in the 1960s.

Each couple has to choose three dances for the competition, which began Saturday night. The best dressed, most stylish and most skillful pairs will be announced in late January, the agency said.

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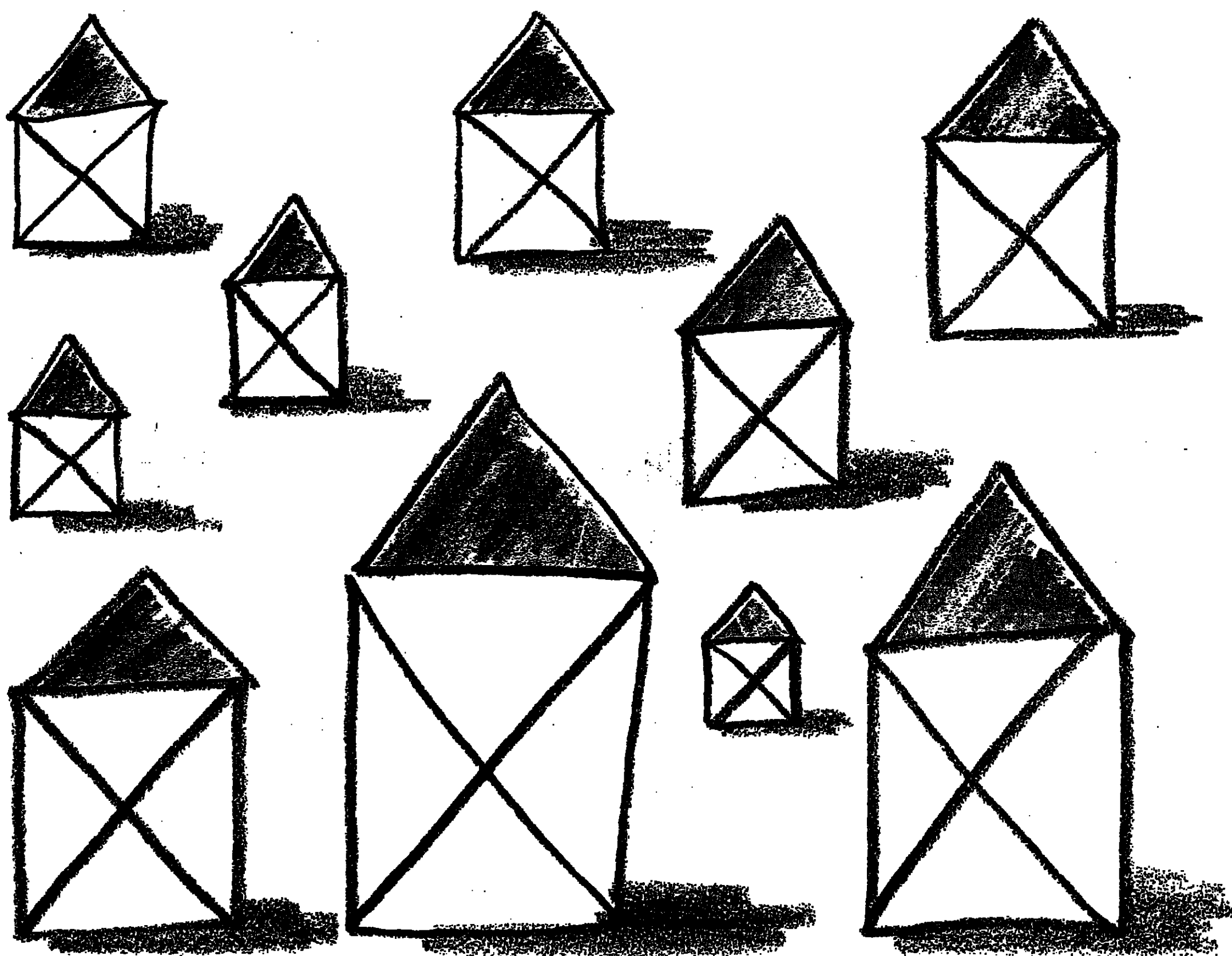
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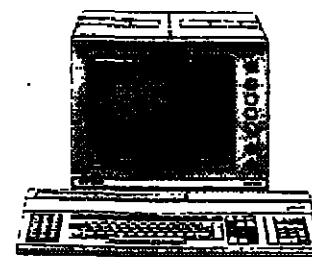
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installations running under BS2000 today. A base of this size, with its daily increasing number of users, demonstrates quite clearly that for BS2000 the future is already here.

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Herald Tribune

Published With The New York Times and The Washington Post

The Chance in Chile

Although Chile's government has met a mounting protest with a persuasive show of force, the Reagan administration is right to worry about that country's stability. General Augusto Pinochet's rigidity has had the unintended effect of radicalizing much of the opposition and enhancing the political weight of Marxists. The administration seems ready to recognize that the time has come to resist this trend by combining pressure and mediation to move Chile toward a democratic future.

The movement toward democracy in Argentina, Brazil, Bolivia, Peru and Uruguay has rekindled the spirit of protest in recession-bound Chile. But if General Pinochet continues to use his military dominance to cling to power at any price, the price could be enormous. For Chile: violence, economic crisis, and political extremism. For Chile's creditors: lower prospects for repayment. For Chile's neighborhood: instability.

Although it is traditional to pretend otherwise, U.S. intervention in the affairs of Latin America is a fact of life. But the Pentagon and the Central Intelligence Agency are not the best long-term instruments of pressure. Financial and economic power are at least as significant. Washington's influence in Chile is likely to be much more effective if expressed through coordinated trade, financial, political and human-rights policies. It should be exercised not on behalf of any particular political faction but for the restoration of democracy. That means it will sometimes have to be clearly directed against the Pinochet dictatorship.

American military aid to Chile has been suspended by Congress and can be resumed only when the administration certifies an improved performance in human rights. The Reagan administration has so far properly withheld this certification.

American votes on Chile's loan applications to multilateral institutions are governed by similar but less stringent guidelines. U.S. representatives have recently supported loans to Chile. A tougher stance could signal opposition to the resumed repression in Chile.

The private financial sector also understands that democratization enhances creditworthiness. Voluntary bank lending to Latin American nations virtually ceased two years ago as creditor banks in the developed world began worrying about repayment of existing debt. No durable democratic reconstruction is possible until the southward flow of capital can somehow be resumed.

Recent debt reschedulings by Mexico, Brazil and Argentina have shown how responsible governments, credibly articulating the needs of their societies, can negotiate financial relief. A democratic government in Chile, or even one moving in that direction, could reasonably expect the same.

The United States has been influencing political life in Chile for decades. It now has an opportunity, and a challenge, to exert that influence on behalf of a beleaguered but unvanquished democratic cause. The chance should not be squandered.

—THE NEW YORK TIMES.

Something in the Air

There is heated talk now about whether the recent demonstrations at the South African Embassy in Washington will go on and what tactics should be used and whether the protests and the arrests will accomplish anything and what the collateral effects may be and whether these activities can accomplish anything anyway, given the iron hold that South Africa's white minority has on that tragic land. These are hard questions, and good answers will be slow in coming.

What is striking already, however, is that the questions are being asked. It is happening as the direct result of demonstrations begun in Washington barely two weeks ago. One can feel that something new is in the air. The demonstrations have imparted a new intensity and interest to an issue that earlier was off most Americans' screens. These protests have touched something that was waiting to be touched. They have increased public interest in apartheid and diminished tolerance of it as a familiar, if terrible, constant. They have been a model of public expression, conducted so as to turn new attention on apartheid and bring new pressure to bear.

It is difficult to imagine that President Reagan would otherwise have received Bishop Desmond Tutu, the South African who this year won the Nobel Peace Prize. Just a few weeks ago apartheid was simply not on the presidential agenda, not something that Mr. Reagan had to devote his personal time to or prepare to talk about at a news conference. That is one measure of the change. Will it be so in two weeks, two months, two years? We offer no predictions.

It is already evident, though, that the political system has a larger place available for this issue than many people had suspected. Liberal interest has been freshened, conservative inter-

est stirred. Some signs of an altered political chemistry are there. Reaching into another society to affect social and political change takes care, skill and — let us face it — arrogance. It is tough to do, and it is tough to keep in mind that the only justification for trying is to make things better, especially, though not exclusively, for the particular people one is trying to help. South Africa is not America's to make over, but it can hardly be said that the United States has yet come near fully exploring the limits of its different sorts of influence. In particular, the possibilities of a conservative U.S. administration remain largely untapped.

President Reagan has an unfortunate lack of evident empathy for the plight of South African blacks. He has a point, however, in stressing the uses of American business in expanding their opportunities. As defensive and rigid as he is about his policy, he was wise to say he would consider suggestions made to him by Bishop Tutu. In its domestic origins, his policy emerged from an atmosphere of low urgency. A higher urgency is being generated. Things need to, to ferment.

South Africa's release of some of its jailed prisoners — members of the group whose release has been a specific demand of the Washington demonstrators — is an early sign of one kind of response that an attitude of heightened American concern may bring. Mr. Reagan, having already made one statement on apartheid on Friday, popped up in public a second time to say that the release was a fruit of his policy. Others will argue about that, but we will not. That is fine with us — our next question to the president is this: Now that you have confirmed the principle that American policy can be counted on to produce concrete results, what is to be your next success?

—THE WASHINGTON POST.

Those Ornerly Missiles

It is wholesome that nations tremble at the thought of nuclear war, but even that deadly subject can benefit from perspective. Nuclear strategists and politicians have speculated glibly about "surgical first strikes," as if there were imminent danger of — or opportunity for — perfectly timed salvoes of hundreds of missiles that destroy the other side's missiles in their underground silos.

Engineers know better, knowing how hard it is to launch a single missile on time. An Atlas rocket now sitting at Vandenberg Air Force Base in California has had its launch reset 11 times in the attempt to get it off the ground with a weather satellite aboard. Previous attempts have been canceled because of high-altitude winds that threatened to whip-saw the rocket apart, problems with a radar console, and a glitch in the guidance system.

"I'm always amazed when we launch anything at all," Major Ron Peck of the air force told the Los Angeles Times. He notes that 100 people monitor a rocket, any one of whom can cancel the launch. When controllers were less fussy about rockets, "a lot of them blew up."

Yet to execute a successful first strike on

Soviet missile fields, hundreds of missiles would have to be launched in perfect synchrony. What are the chances of getting all off the ground at the right time? Perhaps America's warhead-toting Minuteman missiles are more reliable than the Atlas. But listen to Major Peck again: "We had one Minuteman that we tried to launch every night for a year."

This is no comfort to the Russians. They have not even mastered the technology of solid-fueled rockets. Almost all their strategic missiles are liquid-fueled, as reliable as America's antique Titan missiles, which keep leaking or blowing up in their silos. Guaranteeing to launch even one of those on time, let alone a salvo, must give an engineer heartburn.

Nuclear strategists do not worry about details such as stuck valves and balky micro-processors. Let them maintain our healthy fear of nuclear arms and stimulate each side to strive for constraints. But to understand why deterrence has worked so well, keep in mind the orneriness of missiles. Sure, each side can butcher the other. But a surgical first strike with weapons that can take a year to launch?

—THE NEW YORK TIMES.

Building the Bomb: What They Didn't Know Did Hurt

By Peter Wyden

This is the first of two articles.

WASHINGTON — Of all the intelligence from Hiroshima coming back to him on the island of Tinian on Aug. 6, 1945, and after, one ominous note left Dr. Norman F. Ramsey "upset and puzzled." Tokyo Rose, the English-speaking propagandist, announced over the radio from Japan that radiation was causing widespread death and injury to survivors of the atomic blast that destroyed much of Hiroshima.

This report came as "quite a surprise" to Dr. Ramsey, the personal representative of J. Robert Oppenheimer, who was the director of the laboratory where the first atomic bomb was made. In all the discussions among the scientists who had worked on the wartime program to build an atomic bomb, no one had predicted problems with radiation. The bomb had evidently done some-

thing that no one had anticipated. When Dr. Ramsey relayed the reports of radiation deaths and illnesses, his scientific superiors and their military bosses dismissed the information as "hoax or propaganda" because it "did not correspond to any experience known here."

In the years that followed, Dr. Ramsey, other scientists, public officials and eventually the public learned much about the lethal long-term radiation effects of "the bomb." We are now beginning to learn just how little the scientists and the politicians knew about the bomb when decisions were made to use it.

The ignorance of both scientists and politicians, and their unwillingness at the time to take steps to learn more, led to drastic consequences we still live with. We cannot rewrite his-

tory. But President Reagan's so-called Star Wars proposal to build superweapons in space to shoot down ballistic missiles raises again the possibility of unanticipated but potentially disastrous consequences.

The connection between the decision to make and drop the first bomb and Mr. Ramsey's proposal to transfer the arms race to space was first noted by Edward Teller, the godfather of the Star Wars idea and father of the hydrogen bomb.

Writing in The New York Times in 1983, shortly after Mr. Reagan made his proposal, an elated Mr. Teller said he was reminded of another "turning point in world history" — the day in 1939 when he and a handful of proud scientists persuaded President Franklin D. Roosevelt to plunge ahead with the scientific research that ultimately

produced the nuclear crisis of the present day: the Manhattan project to build an atomic bomb.

The parallel is apt, but not quite in the way Mr. Teller sees it. Now as then, on the threshold of these technological departures, scientists and politicians cannot begin to fathom what the new technology may actually produce. Yet the push is on again to escalate warfare, this time to invade the heavens, again with unknown consequences.

Scientists, soldiers and politicians did not know what the bomb really was in 1939. Then as now, the worst enemy of good decision-making was ignorance. One thing is different today: The price of uninformed discussion has turned prohibitive. Before Hiroshima, we could not destroy ourselves. Since Hiroshima, we can.

It is true that the radiation dimension of the atomic bomb was unsuspected. Four of the principal scientists who worked on the performance estimates of the bomb in Los Alamos, New Mexico, during World War II recently told me so, including Hans A. Bethe, the head of the theoretical physics division.

Mr. Oppenheimer, their revered director, who was responsible for solving what he called the "technically sweet problem" of the first nuclear weapon, had reassured his team: The bomb, he said, would be just another conventional weapon except that it would make a "very big bang." This uninformed judgment prompted the scientists to plan for the dropping of 50 atomic bombs on Japan, not just the two that were released on Hiroshima and Nagasaki in August 1945.

The reports about radiation were dismissed because scientists knew so little about it. Doctors had been aware since the 1890s that too much radiation hurt people — but what was too much? And how long can it take for damage to manifest itself? These questions are still not totally understood by physicians, including the doctors I visited recently in the 170-bed "A-Bomb Hospital" in Hiroshima where bomb victims are still dying 39 years after their exposure to what had been called a "hoax."

Had the scientists and politicians been able to fathom the depths of their ignorance, they might have seriously considered — as they did not — the option to demonstrate the bomb to the Japanese or an international group before its use in combat.

A demonstration of the bomb's potential not only was ignored but was very deliberately sabotaged. Hundreds of thousands of lives might have been saved and even more might have been spared the agony of what amounted to an uncontrolled experiment on human subjects.

More important for purposes of the present, however, is that we realize that scientists and politicians deliberately decided not to inform themselves fully about a new weapon before using it. Contrary to what most people believe, the test at Alamogordo, New Mexico, was a gas explosion of bomb components for a plutonium weapon, not of an assembled atomic bomb from the air. The Hiroshima bombing the next month used an untested uranium weapon.

One senior scientist after another tried to tell Mr. Oppenheimer ways to make a demonstration persuasive. Since the subject, as Dr. Ramsey said, was not "salable," the suggestions for a demonstration were vague. Nobody recommended testing the bomb on large laboratory animals. So Mr. Oppenheimer had no difficulty turning the doubters away. When one of his most trusted men came to speak up for this alternative for the third time, "Oppie" shut him off by declaring his trust in the military. They would know what to do.

director, William Foster, argued successfully that multiple-warhead capability was a bargaining chip for the coming SALT-1 negotiations. Whether security would be better served by MIRVs on both sides or neither was never debated, the chairman of the Joint Chiefs of Staff, General Earle Wheeler, said later. He added: "If we have an arms-control agreement, the Russians will cheat. If we have an arms race, we will win."

The administration similarly has been seeking not to head off a space arms race but to exploit a technological lead to win — and it can, just as the Johnson and Nixon administrations won the MIRV race. Instead, Mr. Reagan should be asking, "What price victory?" Otherwise, only congressional extension of the test ban can keep this genie in the bottle.

The writer, on leave from The New York Times editorial board, is a visiting fellow at the Royal Institute of International Affairs, in London. He is writing a book on the Western alliance.

The writer, a former Newsweek correspondent in Washington, is author of "Day One: Before Hiroshima and After." He contributed this comment to The Washington Post.

'Star Wars': A Point of No Return

By Robert Kleiman

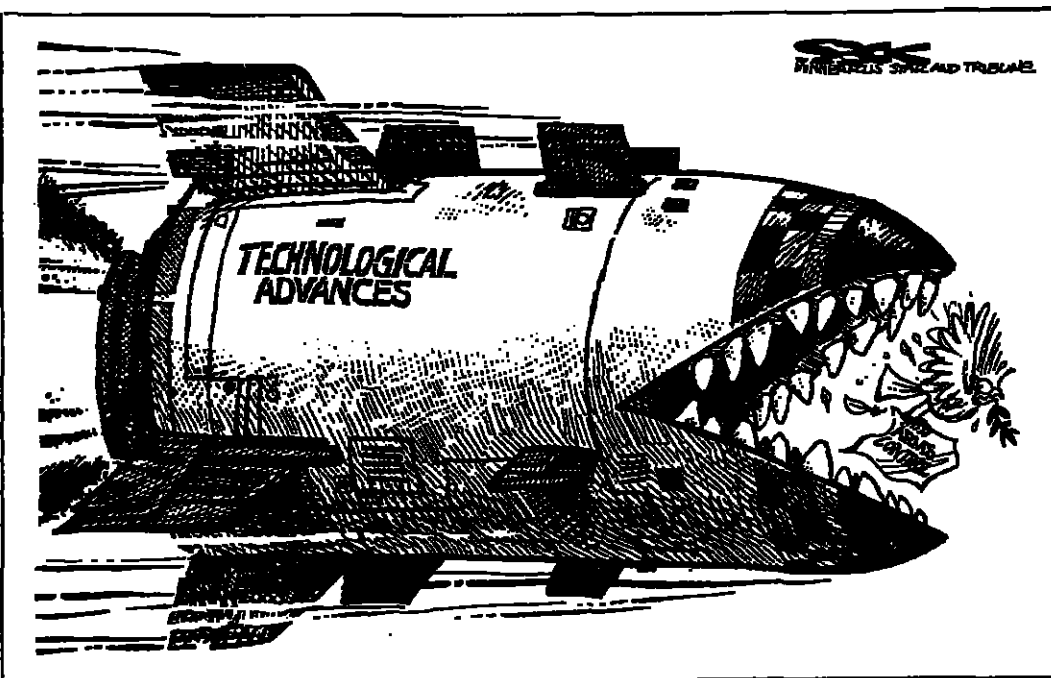
WASHINGTON — Secretary of State George P. Shultz leaves Monday to consult the NATO allies on his space and nuclear arms-control talks in Geneva with Foreign Minister Andrei A. Gromyko. But agreement is not in sight, either with the allies or the Russians.

The Europeans have been critical ever since President Reagan, without consultation, announced his "Star Wars" program. Particularly disturbing are plans for space arms flight tests that go far beyond the research the administration says it is conducting, tests that could make the arms race in space irreversible.

Moscow's stated objective is to ban defense systems in space. The Reagan administration wants them approved. Without agreement on "objectives," Mr. Gromyko refuses to set a date for actual negotiations.

The Kremlin, failing to intimidate the North Atlantic Treaty Organization, has agreed again to discuss research in offensive missiles, including its land missiles with first-strike capability. The United States has agreed to discuss Star Wars, but only to explain it. It is not a bargaining chip. Defense Secretary Casper Weinberger says. Even if it were on the table to be bargained away in return for Soviet curtailment of its first-strike forces — as urged by NATO allies, three former defense secretaries and some key State Department officials — space arms tests, in the meantime, could lead the program past a point of no return.

The only way to head off an arms race in space is to ban flight tests, starting with anti-satellite, or ASAT, weapons. Bans on research, production and deployment cannot be fully



verified. But flight tests are visible. Until tests succeed, neither superpower would deploy an uncertain system. Conversely, once tests succeed, deployment must be assumed.

That is why Congress in 1982 barred flight tests against targets in space. But the administration recently forced a compromise, ending the ban next March 1, when tests of an advanced ASAT are to begin.

Washington, more dependent on satellites, would be better off with ASATs on neither side than on both. But an ASAT ban would make Star Wars flight tests impossible without abrogating the 1972 Anti-Ballistic Missile treaty. That treaty bars tests of space weapons against strategic missiles in flight. But a loophole permits tests against satellites or target balloons in orbit.

The Pentagon denies that it pursues President Reagan's dream of perfect defense, saying it seeks only to increase uncertainty in any Soviet first-strike plans. But the Russians, while copying American defenses,

would quickly and cheaply multiply offensive warheads to saturate America's anti-ballistic missiles. That prospect now rules out reductions and later assumes an offense-defense race increasing first-strike dangers. In crises, each side would be tempted to shoot first so its leaky umbrella would face a retaliatory drizzle rather than a surprise cloudburst.

It all recalls America's invention of MIRVs — multiple, independently targetable warheads — which gave the Soviet Union the ability to launch a nuclear Pearl Harbor.

The turning point was the first multiple-warhead flight test on Aug. 16, 1968. Arguments for delay led to a National Security Council meeting after the plan was disclosed in a newspaper column. The column reported warnings that Moscow, too, would test and that an ultimate six-

fold multiplication of Soviet as well as American nuclear warheads, to 10,000, would create first-strike dangers. But Defense Secretary Clark Clifford, joined by the arms control

Reagan, Hold Thine Ax, Yet Find a Way Not to Tax

By Tom Wicker

ROCHESTER, Vermont — No sooner had the voters of 49 states re-elected President Feelfgood than he disappeared, to be replaced by President Kill'emall. Where now are the happy misdeeds of October, those reassuring tales of economic growth, the rosy glow of televised optimism? Gone, gone with the wind of the falling ax, decapitating the elderly, children, the poorest among us, veterans, students, urban transit riders, small-business borrowers, the handicapped — and on and on, for the sake of a \$34-billion budget cut.

But who caused the current \$200-billion deficit, and those projected for future years? Ronald Reagan did, with his 1981 tax cuts and his overblown and wasteful military buildup.

Now he wants to pay for these profligacies by cutting off disarming benefits and support that have helped many of those who voted for him into affluence, the middle class and complacency.

He cannot do it without the acquiescence of the Democrats who control the House of Representatives and occupy 47 seats in the Senate, and whose party put in place most of those benefits and supports still needed by those who have yet to "make it" — but which Mr. Reagan says the richest nation on earth can no longer afford. If these Democrats go along with him, they will be pallbearers at the burial of liberal government in America — which, at least as much as deficit reduction, may be Mr. Reagan's real goal.

That may be the strongest reason for the Democrats to fight day and night, fang and claw, to halt Mr. Reagan's meat ax. But there are plenty of other reasons:

• The deficit problem is serious, but not terminal or anywhere near the disaster that Mr. Reagan — now that he is safely re-elected — would have you believe. As has been pointed out, at roughly 5 percent of gross national product, the deficit is minor compared to the one run up during World War II (over 25 percent of GNP), which led to the greatest and longest period of prosperity the nation has known. Private corporate debt is far larger than the federal debt, and if the federal government followed the bookkeeping practice of capital budgeting, as business and the states do, its operating deficit would be drastically reduced. Three-quarters of the growth in federal debt from 1973 to 1983, moreover, was accounted for by generally productive grants to cities and states.

• The Reagan budget cuts amount to starving the public sector — such programs as agricultural conserva-

tion, environmental research, libraries and law enforcement, as well as aid to infants, old folks and the homeless — to diminish government demands on the credit markets. But that would only make more credit available for private-sector borrowing, much of which will be for non-productive, but profitable mergers and acquisitions.

Politically, there is no public demand for deficit reduction at any cost; ask Walter Mondale, who campaigned on the promise to raise taxes in order to cut the deficit. Ask any member of Congress re-elected last year how high deficit-reduction was

The deficit problem is serious; it is not terminal.

on the list of his constituents' concerns. The deficit is a preoccupation of Washington and Wall Street, which does not mean it is not important; it does mean that there is time and political room to work out alternatives to major domestic cuts.

There are such alternatives, besides the "last resort" tax increase Mr. Reagan will surely agree to load on the public once his meat ax has done its headman's work — but failed to reduce the deficit by more than half, if that much. With the economy slowing to a standstill, the Federal Reserve could cut interest rates; that would stimulate growth and revenues and reduce interest on the debt.

A determined attack on unemployment would be far more productive — in every sense — than the worst meat ax can do. Reducing the jobless rate from the present 7.2 percent to 4 percent, for example, would cause a net budget savings of about \$100 billion annually, in increased revenues and decreased assistance to the unemployed.

One way to move toward that result would be a public works program to restore this wealthy nation's rotting and crumbling infrastructure, its highways, sewers, bridges, waterworks — the exact opposite of Mr. Reagan's myopic proposals to cut funds for these vital needs. Twenty-five billion dollars redeemed annually from his bloated military budgets, added to the proceeds of a reasonable gasoline tax and invested in rebuilding the infrastructure, would put thousands of people to work, raise a lot of revenue and contribute more to the nation's well-being than the MX, the B-1, "Star Wars" and even a salary cut for the President and Congress.

The New York Times.

New Caledonia's Best Hope Is France

By William Pfaff

PARIS — The trouble that has erupted in New Caledonia is the farce that follows tragedy, the re-enactment on absurd and Lilliputian scale of the great and bloody liberation struggles of the 1950s and 1960s. Once again official buildings are attacked and burned, roads blocked, provisional governments proclaimed and authority defied — people killed. But the cause, however serious it may be to those Melanesians who have committed themselves to independence, simply cannot be taken seriously.

A truly independent New Caledonia has no hope of paying its way in the world. It has slight hope of political coherence. France's dawdling over the independence/autonomy issue — a referendum was planned for 1989 — has encouraged a severe polarization of communities. Of the 140,000 people who live on the island and its dependencies, 43 percent are of the original Melanesian population, many of them still living tribal lives. The independence activists come overwhelmingly from their ranks.

Thirty-seven percent of the population is of European origin. Some are from families that have been there for more than a century. The island was a prison colony under Napoleon III. Some of the leaders of the Paris Commune were deported there. Some are *piets noirs*, or white settlers from Algeria who left that country when it became independent. The rest of the population is made up of peoples from the Pacific or Asia, who came, like the Europeans, to trade, farm, or work the nickel mines that are the island's only significant natural resource. Nickel, whose price boomed in the early 1970s, is today a drug on the market. The island lives on French aid.

So here is an economically non-viable island with more or less equivalent populations of native origin and immigrants from France, the two seriously divided: Melanesians seeking independence, and conservative whites who want the paratroopers brought in to restore order. The French government has sent, instead, a special delegate, Edgar Pisani, with exceptional powers to prepare within two months a plan for self-determination that will offer guarantees to the minority whites. The prospect of doing this on terms satisfactory to the two sides is not particularly bright.

Fantasy mounts. The Melanesian activists have been to Algeria to learn how to struggle for independence. A handful of young men went to Libya because Colonel Muammar Qaddafi hospitably offered to train them in arms and explosives. That is enough for the conservative whites — and their friends in Paris — to foresee New Caledonia under the Libyan boot, or the Russian. It might even be the Australian boot, if you listen to some. There are those on both left and right in France who see the hand of Canberra in these events, not hitherto considered a source of international subversion. (The Australians have made it known, however, that an independent New Caledonia cannot expect anyone else to put up the money France has.)

It is impossible to believe that New Caledonia whose European population fled would have a workable future. A multiracial New Caledonia is the only one that makes sense, and is what Paris wants to assure. But why not maintain a French New Caledonia? What

is so wrong with colonialism? The French have reasons for paying the islands' deficits and guaranteeing its standard of living. It is a base for the French Pacific presence that is politically useful. Taken with the economic zones surrounding France's other ocean possessions, it helps make France the world's third maritime power.

Fishing rights, ocean-bed resources, and strategic advantage are not, however, assets for which this French government is going to pay a big price. The result is not likely to be to New Caledonia's advantage. Independence on the terms the Melanesian activists want means trouble and poverty, and entails the risk of political degeneration on the model of too many other minute and uneconomic states.

Enlightened self-interest, a judgment that rests upon a cool look at recent history as well as the economic and social realities of New Caledonia itself, suggests that continued French rule would be a good thing. It will not, of course, happen. Unfortunately for the Caledonians, colonialism is temporarily out of fashion; the Western imperialists no longer have the heart for it.

No doubt colonialism will come back. In the Soviet camp, it has never gone out of fashion, as Afghanistan demonstrates. But colonialism is acquiring a new popularity in the West as well — certainly in Washington. In Grenada, people have just overwhelmingly voted in a way that demonstrated they want nothing better than a warm and secure refuge under the benevolent protection and ample subsidies of the Great White Father over the seas. Perhaps the Melanesians should send a delegation there.

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FROM OUR DEC. 10 PAGES, 75 AND 50 YEARS AGO

1909: U.S. Extends Control of Panama
WASHINGTON — Another of the Caribbean Sea republics is marked to come under the domination of the United States. The announcement will shortly be made by the State Department that the American Legation in Panama is to be discontinued. Afterward, diplomatic relations of the American Government with Panama will be in the hands of the Civil Governor of the canal zone. There has existed friction between Panama and the United States, and Washington has been dissatisfied with the way in which Panama has sought to interpret the treaty between the two countries. Since the building of the canal has been in progress Americans have predicted that the United States would be forced to exercise jurisdiction over the republic.

1934: Christmas Sales Are Booming
NEW YORK — A survey of the nation's newspapers shows that Christmas spending in many cities is approaching the 1929 peak, ranging 33½ percent above last year. In Chicago, San Francisco and Kansas City, merchants said business was "the best in years" and one store in Kansas City added 500 employees for the season. Sales in Washington show a 25-percent gain, which is attributed in some degree to the fact that the number of Federal employees has increased from 64,000 to 92,000. New Yorkers jammed the department stores until the last minute [on Dec. 8] in an effort to get their shopping done before the 2-percent sales tax became effective. Great crowds filled the streets and crowded four deep in front of the counters.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Telephone: 747-1265. Telex: 612718 (Herald), Cables Herald Paris.

Directeur de la publication: Walter N. Thayer.

Asia Headquarters, 24-24 Hennessy Rd., Hong Kong. Tel. 5-283618. Telex 61170.

Managing Dir.: K. K. Long. Tel. 334-4802. Telex 93009.

S. A. du capital de 1,500,000 F. RCS Nanterre B 73201126. Commission Paritaire No. 61337.

U.S. subscription: \$280 yearly. Second-class postage paid at Long Island City, N.Y. 11101.

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LETTERS TO THE EDITOR

Weinberger and War

U.S. Defense Secretary Casper Weinberger's new "doctrine" and The Washington Post editorial on it (1/17, Dec. 1) provide an interesting illustration of U.S. mores. The Post seems to approve the circumstances in which the secretary would use U.S. military power. These include, according to The Post, "when it... will be used to good effect" and when it is "deemed vital to the American national interest or that of allies."

It would seem that Mr. Weinberger and The Post would engage U.S. weapons without regard to the justice of the cause, to the degree of risk to peace and to the commitments of the United States under international

Can You Lomé a Dime?

I could not help but notice that the \$6.29-billion five-year aid package the European Community recently agreed to extend to 64 developing nations is virtually the same amount that New York City is spending (\$6.3 billion) over the same period to repair its subway system ("Third World Accepts Lomé Offer" and "Even New Yorkers Are Fed Up With Their Subway," Nov. 24).

Can diplomats from the European Community nations actually have spent more than a year negotiating over such a paltry sum?

CAMPBELL BALLANTYNE

Geneva.

MALCOLM K. TRONIC

Zaragoza, Spain

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A Swiss Hybrid Linked to Yen Is a Big Hit

By David Timmin

SEITARO KAGA met with only skepticism in the early 1970s when he described his idea to launch a new bond denominated in Swiss francs that would be convertible into the Tokyo-listed shares of Japanese companies.

However, Mr. Kaga, now head of Nikko Securities in Zurich, finally met an interested young Swiss banker who had just returned from a stint on Wall Street. He was Rainer Gut, now chairman of Credit Suisse. Together, Mr. Kaga and Mr. Gut launched the first convertible issue for a Japanese printing company in 1975.

The skepticism has since subsided. Japanese borrowing now accounts for 46 percent of all money raised by foreigners on the Swiss market, and the convertibles, which are issued as private placements, account for a third of all money flowing out of Switzerland to borrowers abroad.

The Japanese convertible shares some features with a classic convertible, which is essentially a fixed-interest bond that can be exchanged for the issuing company's common stock. The rate at which the bond can be converted into stock is usually set at a price above the level at which the stock is trading at the time of the bond's issue.

Traditional convertibles are usually considered best suited to hedging in uncertain markets. In return for accepting a yield lower than that of a straight bond, the holder has an option to buy shares at a fixed price if the stock markets begin to soar.

This time image, however, hardly applies to the Swiss market's Japanese convertible, which is designed for rapid turnover and fast payout. The conversion premium — the percentage by which the conversion price exceeds the current stock quote — is a low 5 percent. By contrast, some recent dollar-denominated convertibles have been offered with premiums of 25 percent.

At first glance, the Japanese convertible do not look attractive. Their coupons pay very low returns of only 7 7/8 percent or at most 2 1/2 percent a year as compared with 10 percent or more on Japanese dollar-denominated Eurobonds. And the selling price is always set at a par of 100.

Nevertheless, the strong showing of Japanese stocks and the strengthening of the yen, which has even gained ground on the Swiss franc, are driving up the value of convertibles.

A list compiled by a major Swiss bank shows that among the most actively traded issues 146 have advanced while only 46 have declined this year. Sometimes the price gains have been astounding. Ushio, a high-technology optics company, was up 41 percent this year. Sanyo Yamaya, a precision engine maker, rose 48 percent.

Basically, the instrument is

aimed at professional investors, and ones with sizable bankrolls. The basic purchase price for one unit is 50,000 Swiss francs (\$19,660), a stiff amount by any standard. The brokerage fee, however, is only 365 Swiss francs per unit in Zurich.

The convertibles are issued by the approximately 1,000 leading Japanese companies and are mainly marketed by the big three Swiss banks, Union Bank, Swiss Bank Corp. and Credit Suisse. A few other edge-institutions, notably Julius Baer, Citibank and Clariden also play a role.

Most Swiss traders say that the success of the convertibles is due largely to the efforts of the big four Japanese brokerage houses, Nomura, Nikko, Yamachi and Daiwa. The four dominate the Tokyo Stock Exchange and select the companies that issue convertibles in Switzerland. Swiss observers say the companies orchestrate waves of buying on the Tokyo market to coincide with new convertible bond issues in Switzerland.

The reason for success, however, goes deeper. The Japanese Ministry of Finance closely examines all companies wishing to float issues abroad and insists that a major Japanese bank acts as guarantor. So far there have been only two bankruptcies among the 600 issues floated in Switzerland, and damage to investors has been slight.

Because of Swiss banking secrecy and the usual discretion of brokers, it is difficult to say who the buyers are. One estimate is that about half the buyers are institutions. The other half of the issues is taken by portfolio managers for their clients and by private investors.

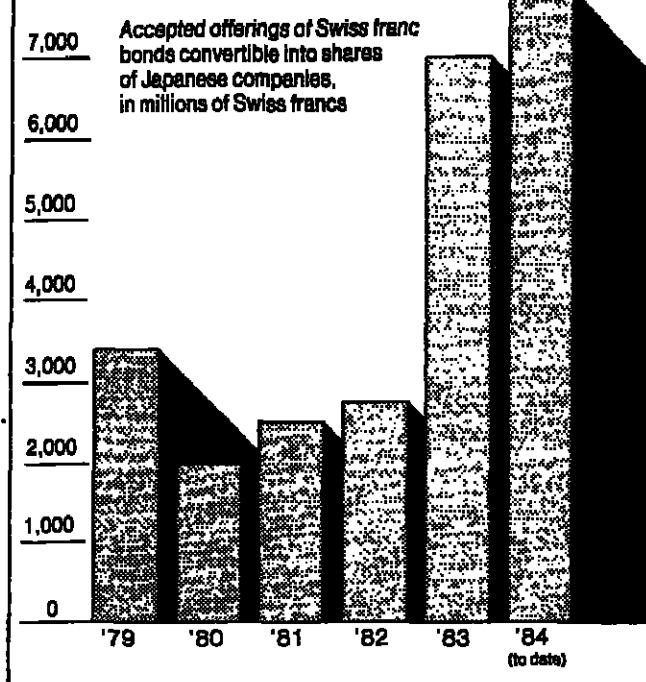
MOREOVER, trading takes place outside established exchanges, and transactions are often closed by a quick telephone call. There is no public listing of the convertibles. Even Swiss bankers do not have a clear idea of what percentage of any given issue has been converted.

This is a major failing because the number of unconverted shares could play a role in determining the worth of an issue.

Citibank's Swiss subsidiary has begun a secondary market in Japanese convertibles, a development that has brought some order and stability to trading. And there are signs that Swiss authorities want to expand their oversight of the market. The Swiss National Bank plans to demand a more complete registration procedure and prospectus for new issues.

In the meantime, investors should not let the gains in the convertible trade obscure the dual nature of the risks in the market. Though the outlook for the Tokyo stock market and the yen are generally positive, a downturn in both could result in steep losses in currency-adjusted terms.

An Expanding Market



U.S. Bond Market Faces a Key Test

(Continued from Page 7)

political backdrop we'll be trading against," said William Sullivan, senior vice president and director of money market research for Dean Witter Reynolds. He said the two key events in January would be the State of the Union message and the president's 1986 budget.

He said that recent indications about the budget and its deficit projections did not inspire optimism. "The question is what will foreign attitudes be when the budget document is formally released and we have a string of budget deficits for three or four years," he said.

An erosion of foreign confidence in the U.S. recovery could reduce the demand abroad for U.S. securities. With fewer buyers, the Treasury would have to tempt investors with higher interest rates on its debt.

Ronald Kimmel, a financial-futures specialist with Prudential-Bache Securities, said that in addition to the release of the budget, there would be a number of Treasury mini-refundings through January and that the recent growth in the money supply would begin to take its toll on the bond market at the same time.

"All of this will be pushing bond prices down for the winter," he said. "I don't think we'll go into a bear market, but I think we'll see a 50-percent correction of this latest move."

The other remaining factor is the dollar. For much of 1984, it was believed that when U.S. interest rates fell, the dollar would weaken, perhaps precipitously. What appears to be happening, analysts suggested, is that because other economies are not recovering with great strength, the central banks of these nations would be likely to use lower U.S. rates as an excuse to lower their own domestic rates. A strong dollar helps keep inflation in check because imports are inexpensive and that keeps a price lid on import-competitive U.S. goods.

"I think the dollar will remain

strong or get stronger," Mr. Kimmel said. "And that will keep inflation at '84 levels or lower. That may be the big surprise of 1985."

This would be a positive development because investors focus on the gap between interest rates and inflation, which represents the real yield. If inflation rates fall, then interest rates can come down without reducing the allure of bonds.

But Paul Jacobson of Goldman Sachs cautioned that: "The market is not poised for bad news." He said that if either the money supply or inflation rose unexpectedly, there would be a sharp drop in bond prices.

Bond investors sometimes fail to appreciate how badly even a fairly modest rise in interest rates erodes bond prices. Take the example of the current long-term Treasury bond that matures in 2014. The bond is trading just over par (100 points), with the yield just below its coupon of 11 1/2 percent.

An investor who sold this bond immediately would receive just over \$1,000 minus commissions.

However, if interest rates were to rise and 30-year Treasury bond yields climbed to 12 1/2 percent, the price of the bond would fall to about 91 1/2 points, giving it a value of \$912.50. That represents a price decline of 8.75 percent.

Those numbers add up to "a definite risk to the bond investor," notes Mr. Sullivan. He suggests that investors may want to begin taking their profits on their longer-term government bonds and putting the proceeds into shorter maturities.

Investors who take such an action would be giving up some yield but buying a little insurance against a price drop. For example, the current 10-year government bond yield is near its coupon of 11 1/2 and the price about par, or 100. A 1-percent-point increase in 10-year interest rates would cut its price by about 5.5 percent, substantially less than that of a 30-year bond.

FUNDS

Comparing the Funds Globally

A new study produces intriguing results

By William McBride

THE FUND investor whose goal is capital growth rather than income would probably have done the best in the past 18 months by putting money into the international funds that emphasize holdings in smaller technology companies in Japan and Hong Kong.

That is one of the conclusions drawn from an initial study that seeks to compare the performance of both international unit trusts and U.S.-registered mutual funds. The study was carried out by Lipper Analytical Securities, which has long tracked the performance of U.S. mutual funds.

Lipper Analytical currently tracks 700 mutual funds registered with the U.S. Securities and Exchange Commission. For the global study, it looked at an additional 400 funds based outside the United States and not registered with the SEC.

The study compared the performance of those funds over two time periods based on the highest and lowest values of an index of U.S. growth funds. The periods, from June 23, 1983, until Nov. 26, 1984, and from July 26, 1984, until Nov. 26, 1984, represent the performance from the latest peak and latest trough of the index. Performance was based on total return,

which includes both the change in the net asset value of the funds' shares and the dividends paid.

Six categories of funds were compared: capital appreciation, growth, funds seeking both growth and income, natural resources, gold and fixed income.

The results showed that the non-U.S. growth and capital appreciation funds outperformed their U.S. counterparts in both periods. However, the U.S.-registered natural-resource, gold and fixed-income funds fared better than the international funds in the same categories. The same result held for U.S.-registered funds seeking both growth and income.

For example, in the growth-fund category, the international funds had a negative total return

in the period from June 23, 1983, to Nov. 26 of 3.78 percent while the U.S.-registered funds had a negative return of 10.95 percent. In the period from July 26 to Nov. 26 of this year, international growth funds showed a total return of 10.56 percent, compared with 9.78 percent for the U.S. funds.

The accompanying table shows the performance of the five leading U.S. and non-U.S. funds in both periods. For purposes of the study, GT Pacific was regarded as a U.S. fund because it is registered with the SEC. The table indicates that the income-oriented investor probably would have been wise to invest in funds with holdings in securities sensitive to U.S. interest rates, such as bonds, utility stocks

and financial institutions.

A geographic breakdown of the results showed that funds that concentrated holdings in Japan showed a total return of 31 percent for the period from June 23, 1983, and 18.3 percent for the period from July 26.

Mr. Lipper offers a number of caveats to fund investors who would use these initial results as a guide. First, he notes that the periods under study may be too short to be meaningful. Also, there were only a limited number of funds in some categories and some do not report prices daily or in U.S. dollars, which makes the results less definitive.

Finally, he stresses that the past performance of any fund is no guarantee of future results.

The Leaders: A Comparison

The total return performance of the five leading U.S.-registered funds and the five leading funds based outside the United States during the periods June 23, 1983 to Nov. 26, 1984 and July 26, 1984 to Nov. 26, 1984. The figures assume reinvestment of income.

From June 23, 1983 until Nov. 26, 1984:

Non-U.S. Funds		U.S.-Based Funds	
GT Honshu Pathfinder Fund	65.9%	Prudential-Bache Utilities Fund	37.3%
GT Capital Small Companies Fund	54.4%	Vanguard Qualified Dividend I	28.3%
JF Japan Smaller Company Trust	43.5%	Sequoia Fund	28.2%
JF Japan Technology Trust	42.8%	Fidelity Select, Technology	26.6%
Wardley Japan Trust	36.5%	Merrill Lynch Pacific	26.5%

From July 26, 1984 until Nov. 26, 1984:

Non-U.S. Funds		U.S.-Based Funds	
GT South China Fund	41.7%	Prudential-Bache Utilities Fund	28.3%
Henderson Baring Hong Kong Fund	41.0%	Century Shares Trust	21.8%
Schroder Hong Kong Fund	39.3%	GT Pacific Fund	19.7%
Old Court Hong Kong Fund	31.4%	Fidelity Select, Financial	19.3%
Wardley Japan Trust	30.5%	Vanguard Qualified Dividend	19.0%

Source: Lipper Analytical Securities

Easing the Pain of Switching

By Barbara Rosen

SHOULD I be in stocks? Are bonds better? How about the currency factor?

Each year investors in specialized mutual funds face the same ordeal: switching assets from one instrument to another, hoping to keep pace with the changing mood of the market. Regardless of the outcome, the process is time-consuming and expensive.

Not surprisingly, the discretionary "fund of funds" is growing in popularity. Such funds are designed to eliminate a lot of the needless details that usually accompany an individual's decision to reallocate assets.

The concept of a family of funds has already met with some success in the United States. But now a number of British fund managers are offering offshore packages that contain a wide selection of investment choices — all under the same roof and with only minimal paperwork and expense involved in switching.

The Gartmore Capital Strategy Fund Ltd., recently incorporated in Jersey and traded on the London Stock Exchange, is a good example. Launched in May, it is a virtual supermarket of funds, offering shares in no less than 15 funds. They include currency deposit funds, equity funds, a U.K. bond fund and a yen convertible bond fund.

Assets can be spread among the various funds and switched from one fund to another at any time. Investors are entitled to four free switches a year; additional switch-

These new fund groups are designed to reduce the cost, details and time involved in redirecting a portfolio.

es cost a fee equal to 1 percent of the value of shares moved.

There is an annual management charge of 0.34 percent, but there is no front-end charge. This concept is relatively new in Britain, where mutual funds usually charge 5 percent up front, much of which is given to a broker.

"There's a rising tide of conservatism among investors," said Adrian Collins, managing director of Gartmore Investment Management Ltd. and a director of the Capital Strategy Fund. "If you know your own mind or you've got an intermediary who's charging you a fee, then the concept of front-end loads is looking a little suspect."

So far the fund has attracted more than \$70 million, giving Gartmore a reasonable chance of reaching its target of \$100 million by the end of the year. The eventual potential of the market, however, is difficult to gauge.

"These will be popular in different pockets of the world for various different reasons," said Peter Saunders, a partner in the London brokerage of Grierson, Grant & Co. He suggested such funds may find a loyal following among

"people who like taking their own decisions."

A share in Gartmore does not come cheap. An initial investment of \$25,000 is required and managers of the fund do not mind words when they explain the type of investor they want. "It's not mass marketed to Joe Public," Mr. Collins acknowledged.

The fund, he explained, is targeted at "high net worth individuals who... know precisely where they want their assets allocated on a global basis" but do not wish to get involved in day-to-day drudgery of trading. The fund also hopes to attract smaller institutions.

The average account in the Gartmore fund is about \$60,000. Individual investors account for 75 percent of the funds under management. About 40 percent of them have invested directly, without going through a broker.

For investors who find the cash requirement for Gartmore too high, there are others to choose from.

Schroder Portfolio Selection Fund, managed by Schroder Unit Trust Managers International Ltd., requires only \$2,000 to invest and is aimed principally at individuals.

But potential investors should note the additional fees. There is a 5-percent front-end fee on most

funds, a 2.5-percent switching fee and a 1-percent annual management fee.

Incorporated in the Cayman Islands, Schroder is also traded on the London exchange. It premiered last month and has about \$4 million under management. It offers 18 types of shares tied to 11 equity funds, two fixed-interest funds and five currency funds.

Though both the Gartmore and Schroder funds provide some degree of flexibility to an investor, returns can only be as good as performance of the fund management. An individual can be an expert market timer and quickly switch funds, but that does not necessarily mean that those making the overall investment decisions for each fund will make all the right choices.

All 13 funds in Gartmore's Capital Strategy Fund are new, so it is difficult to judge how they will perform. In London, the performance of Gartmore's unit trusts have been somewhat uneven. One broker said they have been "undistinguished" for awhile but have improved recently.

Since the Gartmore and Schroder funds are located offshore, neither is subject to U.K. taxes or stamp duty. Investors, however, are not necessarily free of tax liability in their countries of residence. Individuals should consult an accountant or tax adviser before investing in any offshore fund.

Both Gartmore and Schroder expect to be accorded "distributor" status for these funds by British tax authorities. When disposing of their shares, this would allow investors to pay a capital-gains tax, which includes an exemption of the first \$5,600 (\$6,720), instead of the income-tax rate that can range as high as 60 percent.

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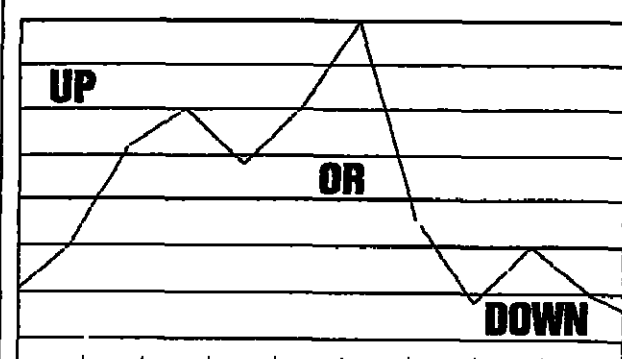
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THE BOURSES

The Markets in 1985: Four Views on Shape of Things to Come

With the new year approaching, investors will be spending the next few weeks tidying up their stock portfolios, calculating gains and losses, and searching for prospects in 1985. The International Herald Tribune asked four top analysts in major markets around the globe to share their assessments of what lies ahead. Here are excerpts from their comments:

New York: A Case Of Tax Jitters

Richard Paget, senior vice president for equity research, Shearson Lehman/American Express, New York.



In large part the stock market's current disappointing performance is a function of a slowing economy that has become a major concern among investors. The other major worry is the U.S. budget deficit and its implication for world economies and financial markets, a debate that has been rehashed again and

again in recent years. The newest wrinkle, and the one that is causing the most concern, is the proposed remedy for the deficit, that being tax modifications and expenditure reductions.

The confluence of these concerns, as well as end-of-year tax selling and portfolio window dressing, has pressured stock prices in the post-election period, and the downturn could carry through until year-end.

However, December will represent the best time to buy, rather than sell, stocks. This month should be seen as an unusually attractive investment opportunity to buy low when stock prices are being depressed by what will prove to be short-term concerns.

How will a more bullish investment scenario emerge?

First, do not look for a recession in the U.S. economy for a number of reasons. The Federal Reserve is likely to continue to push rates lower. The service sector of the economy continues to show gains in employment, and therefore personal consumption will increase.

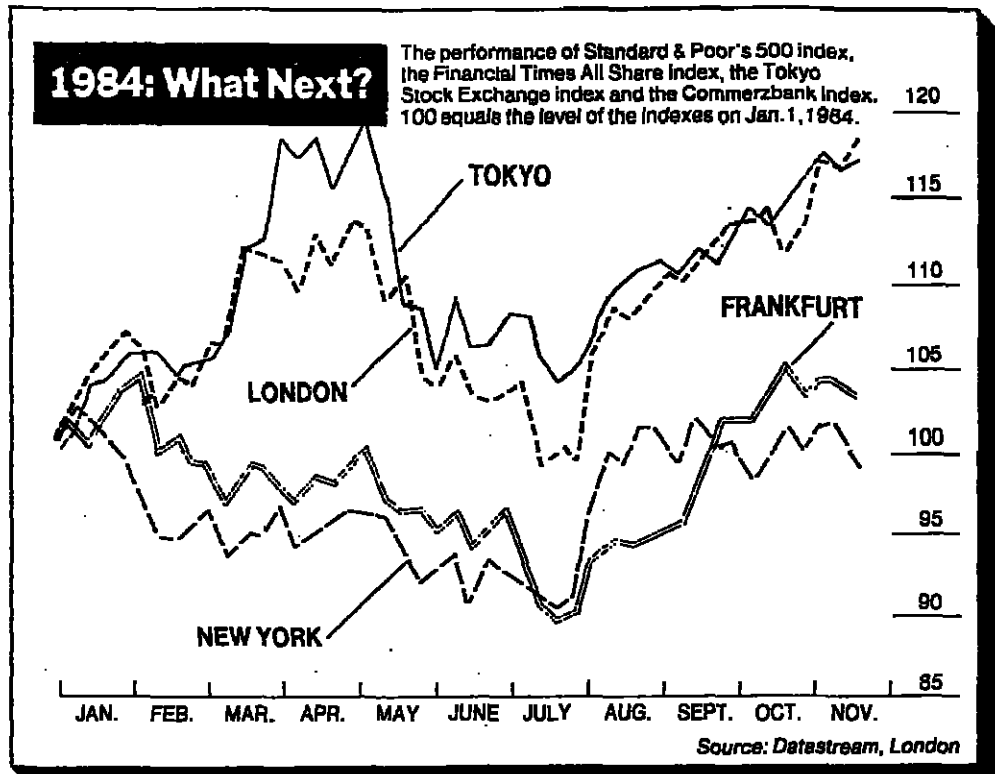
Moreover, each postwar recession has been preceded by rising inflation, which later led to higher interest rates. There is no sign of high inflation on the horizon, so investors should not worry about higher rates.

The bulging deficit will be reduced through enactment of a combination of tax increases and budget reductions. It is doubtful that this will involve any radical changes in tax policy.

Specifically, investors should look for opportunities among growth stocks where an expansion of price/earnings multiples will provide for the bulk of capital appreciation.

For example, Motorola presently sells at about \$32 per share. If the company earns about \$3.50 per share in 1985 as my research department estimates, part of the expected appreciation in the stock will reflect an earnings increase, but the majority of the upside potential will stem from a P/E multiple that will likely expand to 13 to 14 times as investors pay a premium for earnings growth. If correct, the stock could sell in the mid \$40s within the next 12 months for a gain of about 50 percent.

Another growth stock example is Warner Lambert, which presently sells at about \$33, or about 10.3 times the estimate of next year's earnings. Again, if the P/E expands to 13 to 14 times, this implies a price of about \$43 or an appreciation of 30 percent from current prices.



London: Policies Favor the Market

Kenneth Inglis, head of equity research for the United Kingdom, Phillips & Drew, London.

BRITISH authorities are pursuing an economic policy which is intrinsically favorable to the equity market in the U.K. One of the main features of the policy is a drive to reduce interest rates. This has favorable implications for bond prices in particular, but equities should also benefit. The problem for the foreign investor is that Nigel Lawson, British chancellor of the Exchequer, is also prepared to tolerate a degree of sterling weakness. However, our view at Phillips & Drew is that the dollar looks more over-priced than the British pound.

The probability that Mr. Lawson will be able to allow some gentle fiscal stimulus in his 1985 budget is another prominent feature of the government's economic policy.

Also brightening the outlook for 1985 is the likelihood that the profits of U.K. companies will rise 15 percent. Dividends are currently growing at a similar rate.

Moreover, British companies are showing a more

open-handed approach to dividend distribution, partly because of the fear of unwelcome takeovers. Pay-out ratios, however, are very low by historical standards and companies can generally well afford the higher distributions.

The Financial Times 30-share index, which now includes British Telecom, recently made a new high of 929. The index could go higher in 1985 possibly reaching 975 by the end of the year. If everything goes well — and for Britain that includes stable oil prices in sterling terms — the magic 1,000 barrier could be breached.

The electronics sector, where profit growth over the next few years is forecast to exceed the general average, is expected to do well in 1985. Britain continues to produce a good stream of new high-tech ideas and entrepreneurs to develop them. Interest in the sector should stay high.

Elsewhere, the composite insurance sector is another favored area. Companies exposed to the improving North American underwriting cycle are especially promising. Renewed takeover interest can be expected in this sector, with Allianz of West Germany still a potential purchaser.

Sectors whose prospects look less appealing include stores and food retailing, where current ratings often look high in relation to profit prospects. Britain enjoyed something of a consumer boom with the arrival of North Sea oil, and retailing conditions have been fairly easy — helped in part by an influx of high spending American tourists. But life could get tougher from here on.

Stocks which should do well in 1985 include GEC, where the company is now using its cash mountain to buy its own equity. Apart from that, the company should do better in power engineering and looks for major progress in military avionics.

Among insurances, we expect Royal to be a major beneficiary of improving underwriting experience.

Other stocks with good potential include Hickson International, an undervalued specialist chemical company which has been curiously ignored by the market up till now. New management is expected to change all that.

Tokyo: Technology Appears Promising

Kinya Tsubaki, managing director, Nomura Securities Investment Trust Management, Tokyo.

ACCORDING to the mid-1984 "OECD Economic Outlook," the Japanese inflation rate in 1985 should be the lowest among the seven leading industrialized countries. The OECD forecasts that the inflation rate in Japan will be 2 percent, compared with 4.75 percent in the United States and 3 percent in West Germany. As a result of the low inflation, interest rates in Japan have stayed at relatively low levels, and further decline is expected in accordance with declining interest rates in the United States and Europe. The appreciation of the yen against major currencies, which we expect, will also contribute to the decline of interest rates.

Oil prices will continue to be weak throughout next year. This should be more beneficial to the Japanese economy than to any other major countries because Japan's oil imports are biggest in volume relative to economic size.

The Japanese economy is thus entering its third year of sustainable growth, with lower interest rates, a firmer yen and weaker oil price. Corporate profits are expected to show double-digit growth again in 1985. In 1984, the rise will be about 24 percent.

Both stock and bond markets in 1985 will continue to be active. The Nikkei Dow Jones Average for the Tokyo stock market will probably mark a new historical high again sometime next year, for the reasons mentioned above. Its highest point in 1983 may be around 13,000 yen. The Tokyo market has advanced to a new high every 12 years in the past three decades. Previous highs were reached in 1961 and 1973. And 1985 will mark another 12-year cycle.

Our basic strategy is based on the outlook that the Japanese economy for 1985 will be supported more by domestic than external demand, which contrasts with the case in 1983 and 1984.

The best-performing sector in 1985 should be the high-technology sector. In particular, we focus on stocks that are related to the development of information-network systems and optical technologies. Bio-technology and new-materials-related stocks also continue to be attractive and promising. In addition, the companies that will benefit by the deregulation policy of the government are expected to be strong performers in 1985. Airlines, banks, communications systems and urban-development-related stocks are included in this category.

On the other hand, stocks related to raw materials, such as steel, shipbuilding and construction, should be poor performers in 1985. The shipbuilding industry still has structural problems, and profits in the construction industry will continue to suffer from restraint in government spending.



Kinya Tsubaki

I would pick the following stocks as the most promising for price appreciation in 1985: Fujitsu and Anritsu Electric in the information-network and optical-technology area, Sankyo for its biotechnology and Asahi Glass for its new-materials products and fine ceramics. Sumitomo Bank should be one of the most promising stocks in the deregulation-affected industries.

Frankfurt: Rates Are Crucial Factor

Gisela Schütte, the head of research at Berliner Handels-und-Frankfurter Bank (BHF), Frankfurt.

IN contrast to developments in the U.S. and Japan, the upturn in West Germany has so far been modest and steady and there is a good chance for a continuation of relatively inflation-free growth. If this is true, investors will then be willing to accept lower real interest rates and price/earnings ratios because corporate profits will be less inflated than before.

In the past year, stock prices have benefited from a substantial increase in corporate profits. But the extent to which the economic slowdown in the United States will affect the earnings performance of West German companies, especially those that benefited from strong exports to the United States in 1983 and 1984, is a big uncertainty.

Instead, falling interest rates are expected to play a large role in supporting stock prices in 1985. Under such circumstances, it is not unrealistic to expect the dollar to stabilize at a level of about 2.70 to 2.90 Deutsche marks.

In 1985, I expect the average increase of earnings of German industrial companies to slow to roughly 6 percent after the large gain of 13 percent in 1984. But there will, of course, be sizeable variations from sector to sector. On the FAZ-index, I expect share prices to rise to 420 to 430 from their current level of about 370.

The construction and chemical industries will be down. On the upside will be the capital-goods industry, machine-tool companies and, to an even greater extent, the electronics sector. Also, the outlook for the automobile companies is mixed.

Electronics is perhaps really the only growth sector in Germany. Siemens is the favorite here. The company has concentrated its efforts on more and more sophisticated products and thus is changing its image from a conservative electrical to a "high-tech" company.

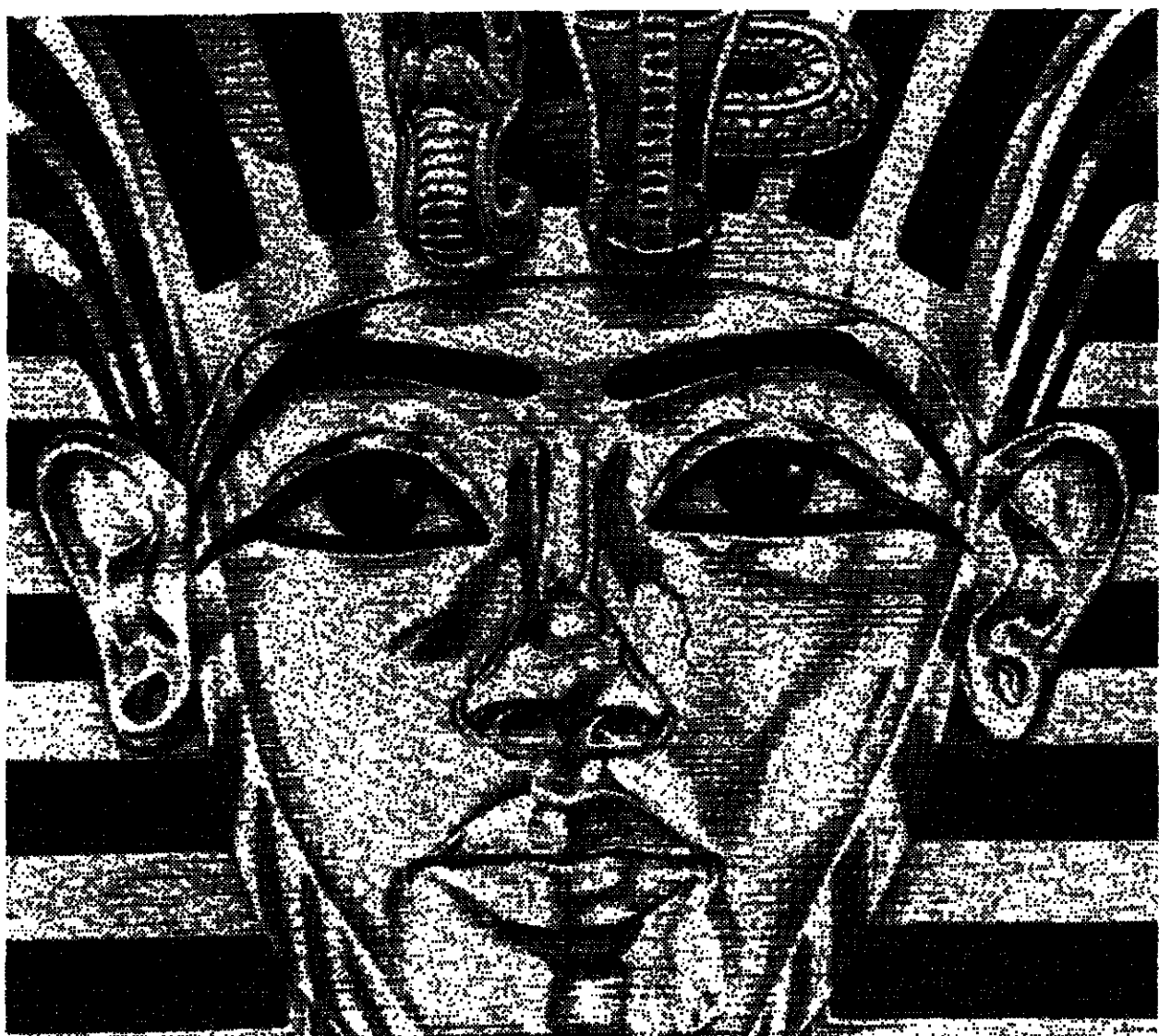
My next choice is Nixdorf AG. Even in the highly competitive U.S. market, Nixdorf is establishing itself as the biggest foreign supplier.

Another German company in a strong position is SEL. Because of its capabilities in telecommunications, the company will come out of a period of restructuring and stagnant profits to reap a harvest.

Likewise, a turn for the better is expected for Mannesmann. The company's strategy to reduce its dependence on the pipe business and to diversify into machinery and electronics is showing its first results after a sharp earnings decline in 1983.

Meanwhile, Deutsche Bank is among the stocks most sensitive to interest-rate movements. The large proportion of savings deposits keeps this bank's funding costs low.

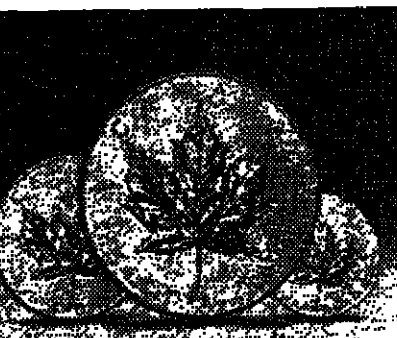
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A Closer Look At High Tech In Hong Kong

By Dinah Lee

JUST over a year ago, Hong Kong's electronics stocks were enjoying a budding romance with the local market. New issues were coming to market at a brisk pace. Profit forecasts looked promising. And investor demand was high.

Since then, however, the relationship has been anything but tranquil. Earnings among electronic companies have proved disappointing, and the sector boasts one of the highest rates of corporate failures in Hong Kong.

Moreover, a recent scandal in the industry has done little to brighten the sector's reputation. Alex Au, the founder and former chairman of Conic Investments, once the largest of Hong Kong's electronics companies, has been accused of mismanagement that contributed to losses of 374 million Hong Kong dollars (\$47.7 million) in 1983.

Specifically, Mr. Au is alleged to have borrowed excessively from the publicly traded holding company to provide funds for privately held subsidiaries. Mr. Au has left the colony; his whereabouts are unknown.

Still, experts say the electronics sector cannot be totally discounted. And recent setbacks have created some undervalued bargains for selective buyers.

The outlook for electronics was rosy in July 1983 when a series of new issues came to the market. Investors, bored with blue chip banks and wary of the collapsed property market, saw electronics as an opportunity to enter the local industrial sector. Although underweight in the property-dominated Hang Seng index, the industrial sector has fueled the colony's phenomenal growth, which is forecast to reach 8 percent this year.

Inexperienced technology investors were dazzled by the glamour of high-tech stocks and were hoping the fledgling sector would duplicate the success of Japanese technology companies. And generous profit forecasts whetted the appetite.

Not surprisingly, subscription levels for some stocks reached 10 to 100 times the number of available shares.

Enthusiasm was so high that for a time last winter it seemed that any product using electricity could profit from being added to the "high-tech" list. Companies with little more than low-tech assembly operations came to the market for capital, promising high-tech expansion or diversification.

INDEED, the electronics sector in Hong Kong takes in a wide range of companies and includes makers of hair-dryers, motors and radios, as well as companies that make high-tech products such as data-processing equipment.

Events have disillusioned many investors over the past year. Some companies run into production problems after relying on erratic component supplies from neighbors like Japan or Taiwan.

More important, diversification plans have often proved inadequate or misguided, leaving companies too dependent on single-product lines. For example, Hong Kong manufacturers have depended heavily on the U.S. boom in telephone and private switchboard sales, and exports of new telephone products soared last year by 527 percent.

Some analysts are critical of the role played by the merchant banks that underwrote many of the new issues. "Often the merchant banks advised their clients to come up with a diversification plan so they would have a good reason to tap the market for capital," a Chinese broker said. "Now we find different executives of the same company disagree on what that capital was supposed to be used for."

The reluctance to forsake electronics is understandable. Electronics manufacturing is Hong Kong's second largest industry after textiles, and electronics shipments last year amounted to 23.8 billion dollars, or 23 percent of total domestic exports.

These and other glowing statistics have encouraged Hong Kong's faith in electronics equities. Moreover, a number of observers have expressed guarded optimism about the future now that the electronics sector has gone through a maturing process.

Analysts advise investors to be very discriminating when buying electronics stocks in Hong Kong. Individuals should closely study a company with an eye to management's aims. Some companies may have only short term goals now that China has reached an agreement with Britain to take over sovereignty of the colony.

"Let's face it," said a British broker who declined to be identified, "we'll see a lot of these companies trying to unload some of their holdings over the next couple of years to reduce their exposure to political developments."

In the meantime, the general shakeout in the industry over the last year has underlined some of the sector's basic shortcomings.



The action at the Hong Kong Stock Exchange

colony's small and medium-sized companies has enhanced competitiveness in the short term, it has dampened capital-intensive improvements in research and development, marketing and sales skills. This tendency is expected to put Hong Kong at a disadvantage with Taiwan, South Korea and Singapore, where government sub-

sustain previous profit figures, much less rates of growth in profit," one broker said.

Nevertheless, there are signs that the electronics sector has learned from its mistakes. Moreover, a number of analysts are expressing some optimism about the future now that the industry is moving to correct some of its flaws.

Hoare Govett, the stockbrokerage, recently published a study that said research and development should improve, "but the companies which will be successful in generating high rates of earnings and dividend growth for the shareholder in the next few years are those that have already devoted resources to those areas."

In a similar study, Vickers da Costa said that the recent shakeout in the industry is forcing remaining companies to move up-market into high-added-value products. Experts at Vickers said the movement is not limited to the consumer electronics field. It is widespread, they said.

"For the moment short-term prospects are bright," Vickers concluded in its study. "Longer term, while we cannot dismiss the likelihood of the industry finding itself in a narrow, low-margin production cycle, we are cautiously optimistic."

Of 10 companies analyzed in the report prepared by Hoare Govett, only minor makers Johnson Electric and BSR International PLC were recommended. Both also head the buy list of Vickers da Costa, which estimates the price/earnings multiples of BSR and Johnson at 8.8 and 9.0, respectively.

Vickers da Costa also favors battery maker Gold Peak and Evergo Industrial Enterprise and Shell Electric, ceiling fan manufacturers that are profiting from sales in the United States.

By contrast, Wong's Industrial is receiving poor marks from Hong Kong brokers. Profits this year are expected to be down 30 percent because of the shakeout in the personal computer market. The company was also hurt when its links with Atari, the American video game manufacturer, were severed.

Similar doubts have been expressed about Atlas Industries, suppliers of magnetic heads for computer-tape or disc-storage use. Despite its close relationship with IBM, Sony and Olivetti, Atlas is not expected to meet its earnings forecast this year because of over-rapid expansion.

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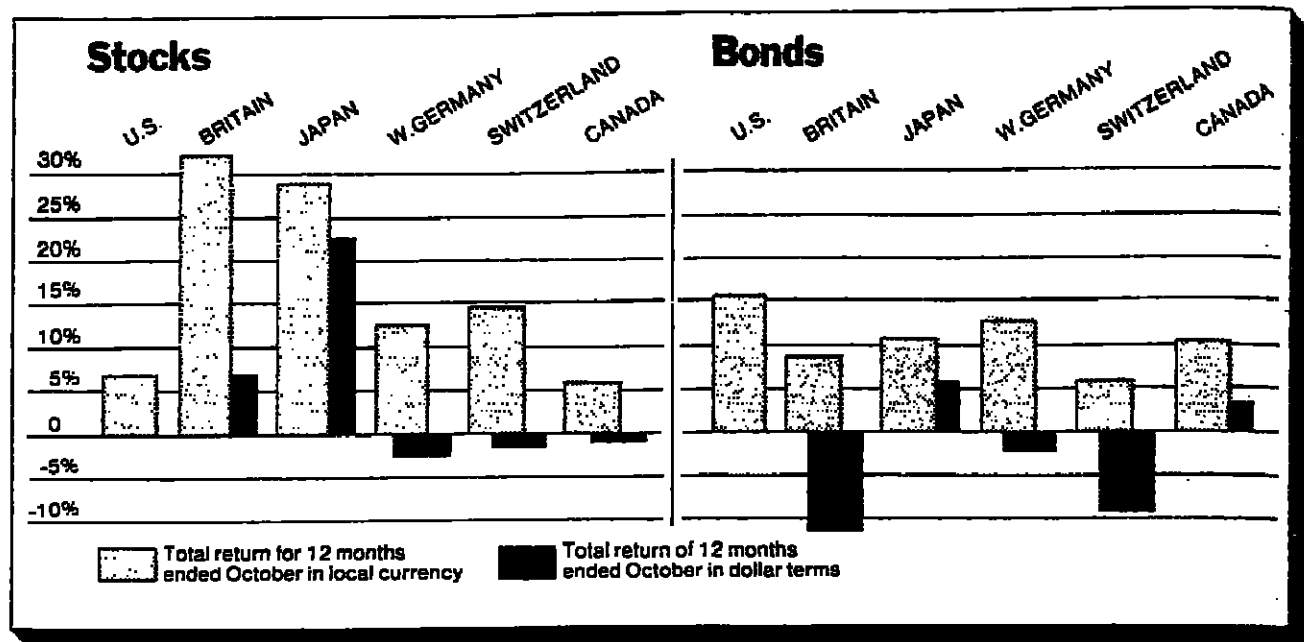
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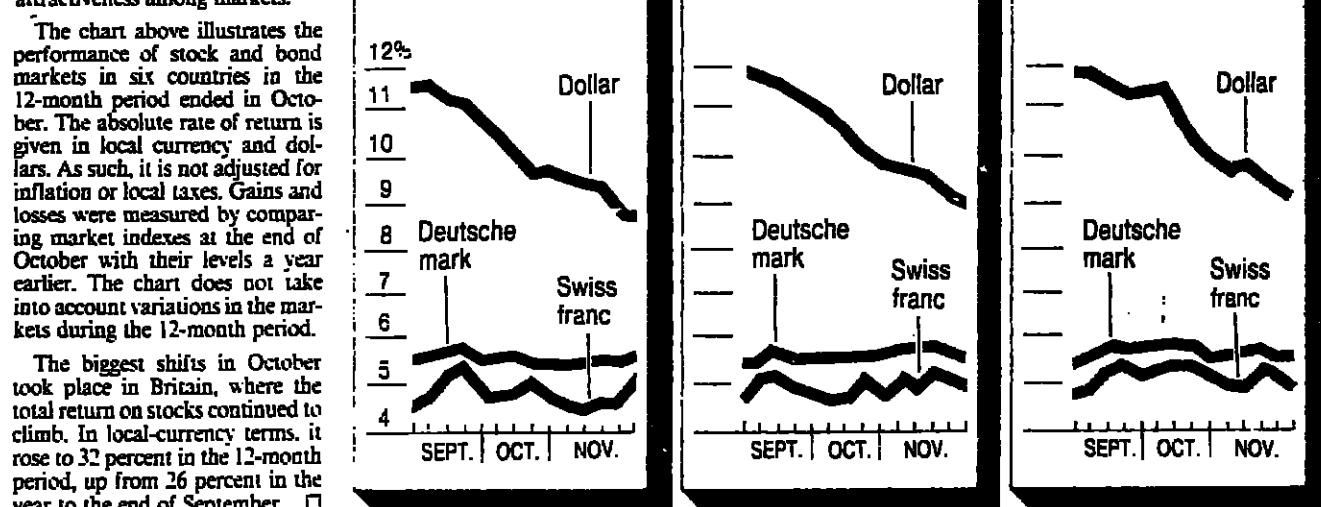
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Total Returns in 6 Markets



Eurocurrency Deposit Rates. Interbank rates on deposits of \$1 million or equivalent. Quotes offered on smaller amounts can vary substantially. Provided by Noonan Ashley Pearce, New York.



November Leaders and Laggards

LONDON was the star performer among three major stock markets in November, with the Financial Times industrial share index rising a healthy 3.3 percent to end the month at 917.8. The British Telecom issue, which was heavily oversubscribed, closed out November on a solidly positive note.

There was no underlying theme to the list of biggest gainers, however. The shares of Currys, the electronics retailer, topped the gainers list for the second month in a row as Dixons continued its takeover efforts. Cable & Wireless, the telecommunications group, turned in the second best showing, followed by Lucas Industries, a maker of aerospace and auto equipment. Lucas's interim results confirmed its strong turnaround.

On the negative side, Johnson Matthey, whose banking unit was rescued by the Bank of England in October, again headed the losers list, followed by Dunlop, the tire maker. Dunlop announced sweeping changes in its board as part of its push to restructure.

In New York, the Dow Jones industrial index had a lackluster month, slipping 1.5 percent during November to 1,188.94. The biggest gainer was Prairie Producers, an oil and gas company acquired by Placer Development of Canada for about \$194 million. It was followed by Omak, a leading maker of cutting chains for use in power saws. Omak is to be acquired by Blount for \$268 million, or \$37.50 a share.

Donaldson Lufkin, the Wall Street investment firm, soared after agreeing to be acquired by Equitable Life Assurance.

International Harvester received a boost from a plan to sell its farm-equipment business to Tenneco.

AWCO, a diversified manufacturing and financial group based in Connecticut, was buoyant most of the month thanks to takeover maneuvering. Late in the month, Textron, another New England-based conglomerate, bid \$47 a share for the company and week raised the offer to \$50 a share, or about \$1.4 billion.

Leading the New York list of losers was struggling Western Union, which omitted its dividend to conserve cash. It was followed by John Blair, a marketing and communication company. John Blair said it expected to report lower profit for the year. Helene Curtis, the beauty-products company, tumbled after announcing that it was expecting to report a loss.

On the American Exchange, Prentice Hall, a book publisher,

Gainers and Losers

The stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in November.

GAINERS		LOSERS	
	Percent Gain		Percent Loss
New York Stock Exchange:			
Compiled by Media General Financial Services. Prices in dollars			
Prairie Producers	80	Western Union	45
Omak Industries	46	John Blair	38
Donaldson Lufkin	30	Helene Curtis	35
Internat'l Harvester	22	Mestek	31
Computer Sciences	22	Integrated Resources	31
Avco Corp.	22	Valero Energy	29
Gearhart	21	Comdisco	28
Di Giorgio	20	Evans Products	28
Telecom	20	World Airways	28
Public Service N.H.	19	Oak Industries	28
American Stock Exchange:			
Compiled by Capital International. Prices in pence			
Prentice Hall	57	Tridex	41
Kopak	53	Oklep Copper	39
Johnson Products	36	TIE Communications	39
Servotronics	29	Genisco Industries	31
Cook International	29	Pico Products	31
Over the Counter:			
Compiled by Capital International. Prices in pence			
Baltech	83	Unimed	60
Energy Reserves	76	Florax Int'l	51
Decision Systems	69	Sperit Drug	49
Cadec	67	Peak Health Care	40
Old Kent	64	United Education	40
London Stock Exchange:			
Compiled by Capital International. Prices in pence			
Currys	28	Johnson Matthey	56
Cable & Wireless	23	Dunlop Holdings	27
Lucas Industries	19	Bank Ireland	20
Hambro Life Insurance	18	Courtauld	13
Amersham International	18	Plessey	10
Hepworth Ceramic	16	Allied Irish Banks	10
Associate Newspapers	16	Ultramar	9
British Comm. Shipping	15	BSR International	8
Martley	15	Boots	7
Cookson Group	14	Barratt Developments	6
Tokyo Stock Exchange:			
Compiled by Capital International. Prices in yen			
Toho	60	Dalichi Seliyaku	15
Kikkoman	39	Alps Electric	13
Shokusan Jutsaku Sogo	23	Ebara	12
Nippon Fire & Marine	22	Ono Pharmaceutical	12
Sumitomo Bank	22	Ricoh	12
Dalichi Kanyo Bank	19	Brother Industries	11
Nippon Gakki	18	Shin-Etsu Chemical	11
Bank of Tokyo	18	Hitachi Axali	11
Hokkaido Tokushoku Bank	17	Chiyoda Chemical	11
Sumitomo Marine & Fire	16	Hazama-Gumi	10

600% PROFIT: FACT not FICTION

In the summer of 1982, while the DOW was drooping below 800, we defied prevailing pessimism, predicting "THE DJI WILL HIT 1,000 BEFORE TOUCHING 750." The "Average" subsequently surged to 1290.

Despite the upswing, the "Street" remains bearish or somnolent, chaffing at the fact that vast segments of the fiscal "Grand Canyon" missed the "move." As recently as a month ago, a chartist at a prestigious investment house, after caressing his ouija board, divined that the Bull was slain, and that the DJI would plunge under 700. His hallucinations will prove as errant as the widely vocalized pronouncements of Granville, Kaufman and other pundits who embraced apocalyptic thinking—seers who incorrectly prophesied higher interest rates and lower equity prices. In updating our vision of the DOW hurtling over 2,000 we are in allegiance with contrarians, with "Elitists" preconditioned to buy into weakness and to sell into strength, flouting the manic-depressive nature of the "Street." Since late 1981, approximately 90% of stocks recommended by CGR have escalated. As a corollary, we have been fortunate in cutting out fact from fantasy, having urged readers to "short" APPLE at \$56, COLECO around \$50, COMMODORE at \$58, and TANDY at \$54. To say that the "Quartet" has soured is sheer understatement.

The plasticity of achievement is exhilarating, a plasticity that will propel mankind to levels undreamed of a decade ago. There will be spastic sell-offs; every rocket quivers during its ascent. Temporary aberrations cannot be erased, but the optimist will predominate. Centuries from now, historians will observe that in flying to the Galaxies mortals touched the face of God, that the Silence of Space that enwombs the Earth was not totally void—that in this era the dire events of Orwell's novel 1984 "will wilt, and that the eternal spirit of man somehow, somewhere, found its voice, took wing, and came alive. The "Tape" is telling us that the stabilization of East and West, of confused and chaotic societies, is inevitable. To abandon the market is to refute the élan that will drown doom and gloomers in the quick-sand of their self-serving myopia.

Our forthcoming letter highlights "Big Board" shares that may be raided by predators armed with juicy take-over bids; in addition, C.G.R. reviews two developing corporations with the dynamics to mature into prominence, emulating the success of a recently recommended "special" situation that catapulted 600% in six months.

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Holdings made a tender offer for shares in the oil and gas exploration and production company. That offer expires this month. The tender offer, one trader said, was the only development working in favor of Energy Reserve because the market generally is pessimistic about energy stocks.

Unimed was the big loser in OTC trading. In the first week of November the Federal Drug Administration denied approval for an anti-nausea drug developed by the company.

It was followed on the losers list by Florax. The Securities and Exchange Commission accused the floral supply company of inflating earnings and revenue figures. The company signed a settlement with the SEC, without admitting or denying the charges.

The Tokyo market remained firm during November, with the Nikkei Dow Jones average rising 1.6 percent to 11,438.64. Banks and insurance companies dominated the gainers lists, while chemical and pharmaceutical companies were the big losers.

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REAL ESTATE

Feeble Franc Enhances the Discreet Charm of Paris Apartments

Foreigners find that bargains abound, amid the thickets of red tape and tedious transactions

By Jonathan Gage

THE LEAVES are off the trees, the air has taken on winter's damp, and temperatures plunge as low as the French franc.

But in Paris, it is spring in the hearts of foreigners yearning for a good buy in real estate.

They are hunting small pied-à-terres near the venerable Place des Vosges, stalking luxurious duplexes overlooking the rain-gorged Seine, lying in ambush for homes de bon standing on Avenue Foch near the Bois de Boulogne. And, yes, even picking off left space in the bohemian Bastille district.

The buyers are not just romantics afflicted with optimism over prospects for a rebound in France's depressed economy.

They are hard-nosed investors, and they will be heartened by new figures showing that it is not too late to cash in on an abundant supply of low-priced apartments in many quarters of the French capital.

For years, French real estate agents have been saying that now is the time to buy. Paris's *notaires*, the officials who put the seal of law on realty transactions, recently provided some statistical support.

While sales of existing (non-new) vacant apartments in the first half of 1984 have remained even with those in 1983, the prices, on average, have not kept up with inflation, the Chamber of Notaires says.

Prices per square meter for these apartments have risen only 2.2 percent in the first six months of this year, compared with inflation of about 3.7 percent.

And Paris prices were already a bargain compared with those in other major cities of Europe, Asia and the United States.

For buyers with dollars to spend, on apartments sold in France, the Paris market has grown increasingly seductive.

At the end of the first half of '84, the average apartment price in Paris was 7,902 francs per square meter — about \$840 per square meter, or \$75.60 per square foot.

"Since September, I've seen perhaps 40 to 50 people looking to buy apartments here," said an officer at a major American bank in Paris. "About one-third of them are going with a sale."

"Right now is a most inviting time to buy," he said. "I don't think it will last, either. Prices will go up or the dollar will go down, or both."

The good news, then, is that there is an abundance of desirable apartments in many of the vibrant, historical and charming neighborhoods of Paris.

The down side, for some, are French laws and regulations that can make transactions tedious and financial rewards uncertain.

Conversations with bankers, agents and *notaires* indicate that the 8th and 9th arrondissements, particularly in their northern sectors, are currently underpriced.

Much of the smart investment money in recent years has been put into small apartments — those of about 40 to 60 square meters — which have then been renovated and resold or leased.

The *notaires*' figures for 1984 show purchases of two-room and studio apartments still on the rise, taking one-third of the market, although they account for only about one-fourth of Paris's apartments.

However, local real estate agents say that many investors are now leaving the smallest apartments to the mom-and-pop speculators, who must look at upwards of 50 units for each one that is eventually purchased and renovated.

"The mood for studios and *deux-pièces* is completely over," says Guy Marty, a housing analyst for Credit Commercial de France. Much of the smart money, he says, has moved to the larger, more expensive apartments.

Likewise, certain quarters of Paris have reached their prime in the current market. The Marais, one of the oldest sections of the city, has passed from royalty to ruin and now back to affluence through a process of gentrification. Developers caught on to a good thing there in the 1960s, and high prices followed.

A short distance away, across the Place de la Bastille, traditionally considered the launching pad of the Revolution of 1789, another upheaval is under way.

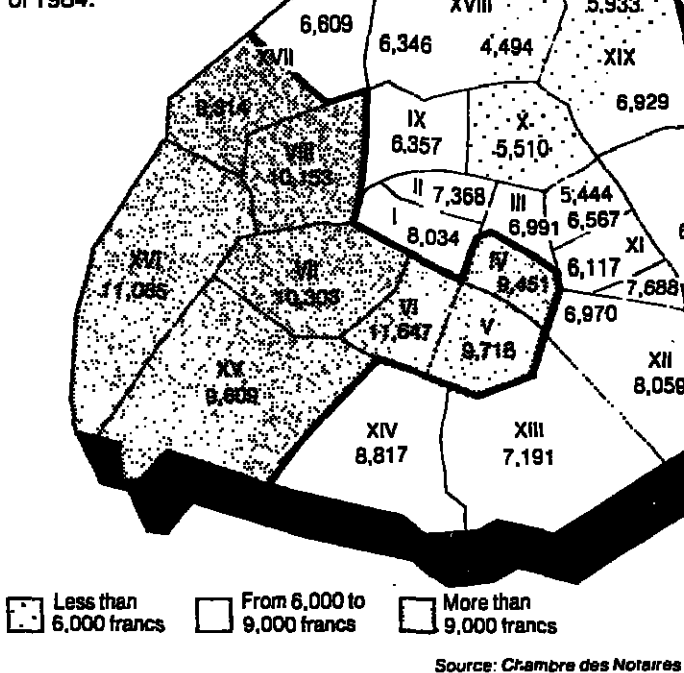
There, in the 11th and 12th arrondissements, artists, photographers, architects and artisans are carving loft space from the centuries-old ateliers of the city's woodworkers and cabinetmakers.

With construction just starting there on Paris's massive new public opera house — known locally as the "Pop Op" — some apartment buyers expect a boom in bohemian. Prices in the 12th, perhaps for related reasons, took a sharp rise this year, and in the 11th arrondissement prices continued their slow and steady rise.

Overall, the *notaires*' 1984 analysis shows, prices per square meter have held their own against inflation "a little better in the expen-

Neighborhoods and Prices

Average prices in French francs per square meter for existing apartments in the 20 arrondissements of Paris during the first half of 1984.



Among them:

■ The Quillot Law, a rent-control measure enacted in 1982, is one reason for the housing bounty, but it is also a source of discomfort for apartment owners.

The law was a boon to tenants for whom paying rent was a burden or a bore, but it helped create a drought of rentals and a flood of apartments for sale.

"It was meant to protect tenants, but it missed the mark," said a U.S. Embassy housing worker. Renters "are facing an incredibly bad situation right now," he noted. The law imposed three- and six-year renewable leases on landlords and, many say, has made it almost impossible for some owners to evict tenants.

■ In the 8th, they have risen like an Ariane rocket, perhaps making up for a lag from the beginning of 1981 until the middle of last year.

■ On the Left Bank, in the 6th and 7th, just west of the *Quartier Latin*, there has been a slight decrease in real-term prices, which remain, however, among the highest in the city. The decrease may be the result in part of a particularly strong jump in the preceding period, the *notaires* say.

■ Among middle-range arrondissements, real prices dropped slightly in the 13th and 17th. There was "complete stagnation" in the 15th. Prices rose strongly in the 14th after dropping sharply last year.

■ In the less-expensive 10th, 18th, 19th and 20th, prices stayed even or rose slightly. In the 9th they took a sharp jump after falling in 1983.

THESE price averages are very general because of the contrasts within each arrondissement. The 16th, for example, encompasses the lush and leafy diplomatic environs of Avenue Foch in the north as well as the generally repugnant factory ambience in a small chunk of the arrondissement's nether end.

Overall, the averages seem low to many observers of the local market. Some suggest that the reason for this is that sellers sometimes encourage a small portion of the actual sale price to be offered under the table.

It is important, above all, for the prospective buyer to work closely with a competent *notaire*, tax attorney and real estate agent to navigate the morass of potential problems.



The Place des Vosges in the Marais district of Paris.

tion or removal of funds by foreigners after the sale of property in France. These funds, technically, can be held by the central bank for five years to ascertain that no taxes are owed.

In practice, however, sellers can take their funds from France after appointing a French-resident representative — called a *personne morale* — to accept responsibility. This can be accomplished through a banker or attorney in Paris, for a fee.

■ The relatively few nonresident foreigners whose home countries have no tax treaties with France are liable for a 3-percent annual "forfeiture income tax" on overall holdings. This tax, as one banker noted, is to avoid "shadow residents" who own French property to avoid paying income taxes elsewhere. It is often circumvented by the presentation of proof of taxes paid in a home country.

A few resident foreign buyers will be able to take advantage of newly relaxed rules on heavily subsidized loans. The PAP or *prêt conventionné* loans, handled by the Crédit Foncier

agency (see Useful Addresses box), have been extended to include medium-income buyers and a broader variety of situations.

The loans offer rates of about 12 percent — compared with standard rates of about 17 percent — on up to 90 percent of the loan amount.

Strict rules apply, including price per square meter, proportion to be spent on renovation and income of the recipient. One voice of caution is that of Bill Meeker, American owner of Meeker Développement of Paris.

"Do not invest in France with the idea that you're investing in your own home country," he says. "The laws here are not geared to making capital gains. The people and the laws don't understand speculation. It won't really work unless you make a full-time investment of it."

Still, Mr. Meeker says, "for those holding dollars or other high-value currencies, this is the time to invest if you want to unload or to buy Paris property for personal reasons."

"The market," he counsels, "will not go down from here."

Some Useful Addresses

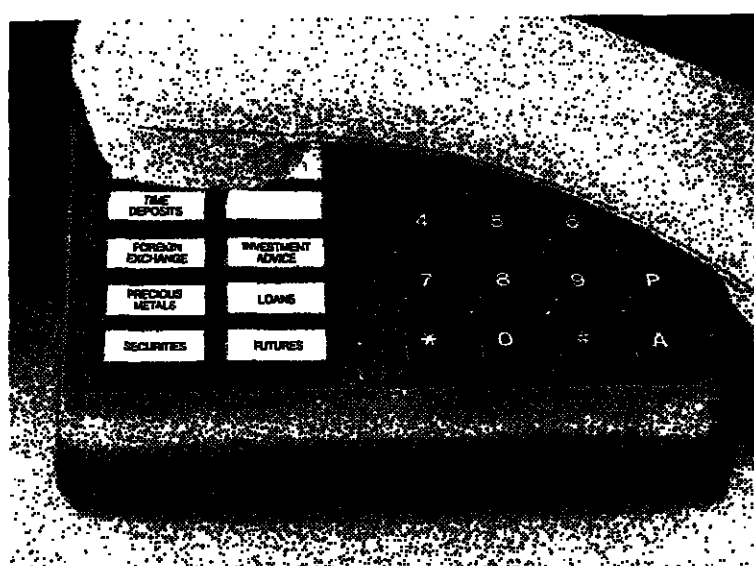
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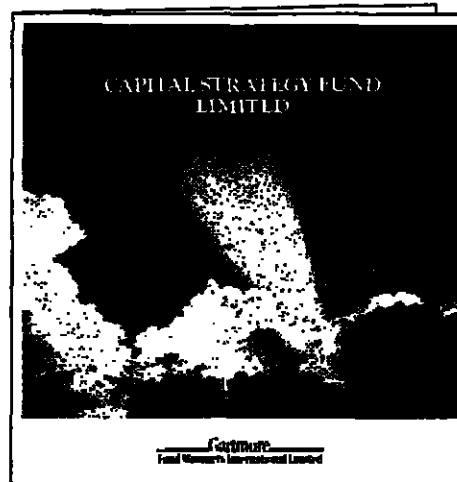
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DM Deposit	DM 5084	4.42
Yen Deposit	¥ 512.80	5.45
SwFr. Dep.	Sfr. 5056	2.00
N. American	\$ 1.03	0.50
Japan	\$ 1.26	0.60
Pacific Basin	\$ 1.13	0.60
Intl. Growth	\$ 0.99	0.60
British	£ 1.10	2.00
Sterling Gilt	£ 1.11	9.80
Intl. High Income	\$ 0.97	12.00
Yen Conv. Bond	¥ 1165.00	3.20

*Prices as of 6/12/84.

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SOMETHING DIFFERENT



Kala Dancer, right, galloping to victory in the Dewhurst Stakes.

George Salway

Betting on the Horse Business

By Lynne Curry

LAST year, Snaffi Dancer, a 2-year-old colt and son of the famous champion racehorse, Northern Dancer, was auctioned in the United States for \$10.2 million to a sheikh from Dubai. It was thought to be the highest price ever paid for a horse.

Such astronomical prices are one reason that breeding, racing and investing in thoroughbred horses has long been the preserve of the very rich, the privileged and the powerful. Their ranks range from the queen of England, who owns a breeding farm outside London, to Greek shipping tycoons and Arab princes.

But recently it became possible for the horse lover who possesses neither royal blood nor an immense fortune to experience some of the glamour and excitement of the world of thoroughbreds. When British Bloodstock Agency went public last September on London's Unlisted Securities Market, the investor who aspired to the horse set found a way to indulge his fantasy on a modest scale.

"There are a lot of people who dream it is to own a horse, but their financial situations preclude them from doing so," says Christo Philipson, the managing director of BBA.

BBA's main line of business is the purchase and sale of horses. Another area in which BBA is active is stallion syndication. Through syndications, an individual or group can purchase a share in the ownership of a stallion. BBA will manage the syndicate and be responsible for maintaining the horse. It also participates in the buying and selling of stallion shares.

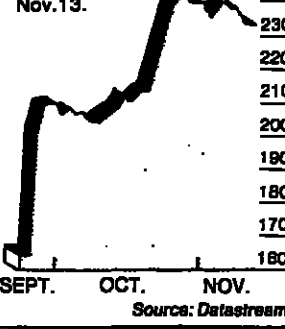
In the United Kingdom and Ireland, stallion syndicates are composed of 40 equal shares. These shares can be very expensive because their holders have the right annually to have a mare bred by the stallion. In the language of horse breeding, a share confers the right to "nominate" a mare to be "covered by" a stallion.

A syndicate participant also has the right to sell that nomination. The nomination fees for champion stallions can be huge. For example, at the high end of the market, an owner selling the right to nominate a mare to be covered by the champion Northern Dancer could make up to \$800,000, Mr. Philipson said.

One of BBA's best known customers is Robert Sangster, who made his fortune by running British football pools and is believed to own 200 to 300 horses. One of

Breeding Will Show

Share price in pence of British Bloodstock Agency since its introduction on the Unlisted Securities Market through Nov. 13.



Source: Datastream

his fillies, Royal Heroine, recently won the million-dollar purse in one of the Breeders Cup races at Hollywood Park, California. BBA primarily advises him on the purchase of horses and acts as his agent.

Another BBA client is Ravi Tikoo, who owns a fleet of oil tankers and a dozen horses. One of them, Kala Dancer, recently won the Dewhurst Stakes for 2-year-olds in Surrey, England. BBA originally bought the colt for about £11,550 (about \$14,400). But after his success at Dewhurst, estimates

of the horse's value have risen to \$15 million to \$20 million.

Formed in 1981, BBA is believed to be the world's oldest and largest established bloodstock agency.

Over the last five years the BBA Group has bought more than 850 horses destined for more than 25 countries.

Despite its international scope, BBA Group is a fairly small company. Its volume rose 14 percent through the fiscal year ending March 31, 1984, to \$4.75 million, while its pretax profit gained 30 percent to \$1.27 million during the same period.

Analysts said investing in BBA is less risky than buying shares in other bloodstock companies whose sole function is to breed champion racehorses, a chance proposition under the best of circumstances. In addition to its syndicate and dealing activities, BBA insures and ships horses, researches pedigrees and manages racing and breeding interests.

"BBA has always been looked upon as the crème de la crème of the bloodstock companies," said Tom Daniels, partner of De Zoete & Bevan, a London stockbrokerage.

Mr. Daniels added that BBA is able to take advantage of a very buoyant bloodstock market, noting that recent prices have been extremely high. Last year, for example, at the Keeneland Summer Sales in Lexington, Kentucky, BBA bought 24 yearlings for nearly \$36 million, each horse fetching an average price of \$1.49 million. At the same sales in 1979, BBA paid \$12.36 million for 33 horses, with each yearling commanding an average \$375,000 apiece.

Although BBA is in a unique position and its investors have done well, it remains a novelty among USM stocks. With much of its revenue dependent on the swings in bloodstock prices, brokers do not usually recommend it unless clients are genuinely interested in the horse world.

When BBA was first traded on the USM, the price of its stock soared from 165 pence to 210 pence. Then in the latter half of October, brokers scrambling for its shares pushed up the price to a high of 243 pence.

With only 25 percent, or about 850,000 shares, of the company in public hands, demand outstripped supply. Analysts said this situation is typical of USM stocks where shares are often in limited supply.

Still, it has remained a fairly popular stock, and those who have bought its shares have not necessarily been wealthy, according to Jon Sachs, a partner at Sheppard & Chase, the company's brokers.

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PROFILE

Ben Rosen: Coexisting With A Tougher IBM

Few people have seen the technology business from as many angles as Benjamin M. Rosen. He has held corporate and research posts, written a newsletter on the electronics industry, founded his own consulting firm and capped a career as a financial analyst with a five-year stint at Morgan Stanley. During his 15 years on Wall Street, he was named the top electronics analyst six times in a row in Institutional Investor's annual rankings. In 1981, the outsize analyst with a dry wit became a partner of Sevin Rosen Management Co., a venture-capital firm that has invested in 28 start-up companies. Mr. Rosen is a director in several of those companies and chairman of Compaq Computer Corp.

In an interview in his Manhattan office, he observed that the U.S. venture-capital scene has attracted an "incredible degree of interest in Europe and Japan." Key ingredients in the U.S. success, he said, have been "a very strong capital market" and "an entrepreneurial culture that makes it possible for talented engineers to leave large companies and start their own companies." On other topics:

Question: A lot of the technology companies that went public in 1983 ended up in difficulty and investors got burned. Has that hurt the venture-capital industry's momentum in the United States?

Answer: The venture-capital industry is very much alive. Just to give you a perspective, the amount of money raised in a decade has gone up from \$40 million to \$4 billion last year. A very substantial amount of new money is being raised this year. A large part of that gets invested every year in new start-ups. So, there's still quite a bit of vibrancy in the industry.

There's still some reaction in the industry to the excesses of the first half of 1983. During that period, any group that wanted to could get funded by a venture-capital firm and almost anything that wiggled could go public. So we had this excess of both the public and private markets. A lot of that excess is being worked off right now. But by and large the industry is still extremely vibrant.

Q: Do you think investors simply failed to grasp the risks of investing in these young companies and are now taking a more realistic attitude?

A: I think a lot of people have underestimated the risks, including venture-capital firms and underwriters. And certainly if we underestimate the risk, the public is even in a worse position than we are. It really has to be looked at as a lot of companies that won't do very well — because you're competing against very large companies — and a few companies that will do quite well.

Q: Why is that?

A: There's a new risk factor. A lot of the venture capitalists are into aspects of the personal-computer industry — hardware companies, software companies, networking companies, all sorts of manifestations of this new phenomenon. And this is an industry that has several hundred personal-computer hardware companies, several thousand software companies, and new companies coming all the time. That alone would be risky. But the newest factor is that IBM is beginning to predominate in the industry, has become extraordinarily aggressive, wants to compete in every aspect of it. It wants to be in hardware, wants to be in software, wants to be in networking, wants to be in retailing.

The posture is more aggressive than IBM has ever been. It's not only going into all these fields, but it's buying controlling interest in component companies that supply it, the Rolm and Intel kind of companies. It's acquiring companies and as a result many of the smaller companies that



If you just duplicate what IBM has, there's no way you can make it.

haven't had a chance to establish themselves in sales channels are having great difficulties. So this is one added factor making the industry much more difficult.

Q: How can a company compete in that environment?

A: We've shown with Compaq and with Lotus Development that if you get established with superior products you can compete. Compaq, for instance, brought out a portable computer 15 months before IBM did. Because we were established and had a better product, we're now outselling the IBM portable by a margin of better than 4 to 1 worldwide.

Similarly, Lotus was in the software business well before IBM and their productivity software is greatly outselling IBM's. But if those companies were established today, for those of us in the venture-capital industry to put money in a new company that's going into a field that IBM is in, or will be in the next year or two, is very remote. IBM is so enveloping the whole personal-computer industry, you're seeing almost no new investment by venture-capitalists in the personal-computer industry. I think it's going to have an absolutely stifling effect on innovation in this



Mr. Rosen in Manhattan office: 'There are new risks.'

industry because all the innovation has come from outsiders — from the Microsofts, from the Lotuses, even the Apples, the Compags.

The only way to compete is to have a better product and have your marketing channels established. If you just have a duplicate of what IBM has, there's no way you can make it. You don't have to sell at lower prices; we don't sell at lower prices than IBM. That strategy is a losing strategy, trying to sell just on price.

Q: But what about the software field now?

A: The software field is going the way of the hardware field now. IBM has decided three years after it went into hardware to go into software, aggressively. And you're going to see the same sort of competition here that you are seeing now in hardware.

Q: Does that mean that the basic question an investor should ask about a computer company is: Where does it fit relative to IBM?

A: Well, I think it's more so in the computer area than in the semiconductor area. I think generally you can say of all technology, and I think that one of the reasons that technology price/earnings ratios are depressed, is not only because of some of the poor performance of so many companies, but also this IBM shadow. It's done a good job of spreading FUD — Fear, Uncertainty and Doubt — not only among its competitors but also in the investment community. And the irony is not only that all the P/E ratios of all its competitors are depressed, but even IBM sells at a modest ratio now. It's almost 'a pox on all your houses.' They've spread so much FUD that it's coming back home to roost a bit. So I think that's something that investors not only should but have been looking at.

Q: It sounds like you are saying that there won't be as many personal computer companies around in a few years.

A: The reason is because most personal computers these days get sold by retail computer dealers. A computer dealer can typically support three or four, maybe five, different brands. Almost every major dealer in the U.S. carries IBM, Compaq and Apple. That leaves one or two places open. And we have 100 companies. I think what you're seeing now is the separation of IBM, Compaq, Apple as the big three.

Q: Isn't what you're describing just an old-fashioned battle for shelf space?

A: It's absolutely a battle for shelf space. It has similarities with the consumer-goods business. Unless you can get shelf space, the best you can do is like people like Digital Equipment are doing, which is largely withdrawn from retail and is focusing mostly on its own direct-sales force. And there you just have to be content with just satisfying your own mainframe customer base with personal computers.

One of the problems for a lot of those companies is that the computers aren't standard so that they have to get all the software coded over to run on that computer. It's going to be very difficult for the distribution arm of the marketplace to support many players. Tandy has its own distribution network, so they'll keep going. Then you've got IBM, Compaq and Apple.

Q: Any final advice to those investors sizing up computer companies?

A: Anybody that does should probably visit his cardiologist first.

Q: It's that tough?

A: Well, there are clearly rewards to be made. Right now there is a lot of uncertainty. The opportunities, historically, for investors to make money is to be bold during times of uncertainty. The way you lose money is you go into the euphoria such as that of 1983 and you buy companies at historic highs when optimism is rampant. During the 15 years that I was an analyst, one thing I came away with was the need to look at the market during times when everyone is pessimistic and to pick out the best companies in the field. Look at the fundamentals and ask whether this company is a survivor, does it have good strategy. And then, when everybody is saying no, you say yes.

Appraising 2-Tier Art Market

(Continued from Page 7)

the prices will stop rising for the works that meet their criteria. It is only clear that it cannot continue indefinitely.

In the short term, say under two years, the best bet for buyers who think in extremely large sums will remain the Old Master paintings. This does not mean the greatest such as Rembrandt or Raphael. Virtually everything in that category is anchored in museums. But there are still offerings in the rank immediately below them.

A splendid buy in November was the portrait of the Duchesse de Grammont-Caderousse done in 1784 by Madame Vigée Lebrun. It is one of four or five of the best she has done and it is documented in her memoirs, "Souvenirs." The large portrait is therefore a potential target for a museum and will probably be resold far in excess of the 7.5 million francs it brought in the Paris sale.

But there are also areas worth investigating in lower brackets, from \$20,000 to \$200,000. One example is Chinese archaic bronzes. The supply was virtually cut off for 35 years and very few objects were smuggled out until a new

stream of bronzes and pottery started coming out of China about two or three years ago, according to trade sources.

In a comparable financial range, top quality furniture of the art deco period, the 1920s and early '30s, is far from having reached its maximum potential. In November, a commode by the French cabinetmaker Chanaux was auctioned at the reasonable price of 1.2 million francs. The cabinet, dated May 1925 and marked by Chanaux, was exhibited in 1925 in the epoch-making exhibition held at the Musée des Arts Décoratifs.

French and English silver of the 18th century still offers great opportunities. Bargains can be had in areas such as Dutch silver, which can be stunningly beautiful. Art nouveau and art deco silver is often ridiculously underestimated.

But those concerned with the investment potential of their purchases should proceed cautiously. Controversial fields should be avoided. Islamic art, for example, is a higher risk than Chinese art because research is far less advanced.

And within Islamic art, illuminated manuscripts are less tricky than objects d'art for the same reason. Moreover, taking a miniature is impossible, while the problem does arise in the Islamic objects d'art.

Potential markets must also be considered. Chinese art will find buyers in the United States, Japan, England, Sweden, Singapore and Hong Kong. Islamic art has incomparably fewer buyers in the West and in the East. They are almost exclusively found in the Gulf countries, whose economic power and stability does not yet compare with the United States, Japan or Britain.

In the final analysis, no beginning collector should stake money on art before acquiring experience and some serious expert advice. It is never just a matter of knowing what sells. The buyers must be able to form his own judgment as to the condition of the work of art, even though salesrooms assure their clients that they will oblige with a condition report on request. Assessing condition alone requires considerable experience. It is a major factor in determining the value of any work of art.

The writer is a regular columnist for the International Herald Tribune.

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EUROBONDS

Investors Abandon Market; Accounting, U.S. Rates Cited

By CARL GEWIRTZ

International Herald Tribune

PARIS — Investors abandoned the Eurobond market last week, leaving in the hands of underwriters the new issues that were launched. Analysts attributed the lack of demand to year-end bookkeeping pressures, which distract institutional investors from making new commitments, and to renewed concern that U.S. interest rates have fallen as far as they are going to.

The growth in the U.S. money supply since the latest easing by the Federal Reserve has been sharp, and the numbers are now back to the middle of the Fed's target growth range, up from the bottom.

Those developments, coupled with the latest news that employment is again accelerating, give analysts no immediate reason to see why the Fed should continue to ease its reins on credit — at least not until the effect of the recent moves on the pace of economic growth becomes absolutely clear.

Thus, there is great suspicion that terms offered on the latest fixed-income dollar bonds do not offer adequate compensation.

The only exception was Marubeni's \$100-million of 11 1/4 percent notes due in 1991, which ended the week at a modest discount of 3/4 point. However, traders attributed this good performance to the continuous demand from Japanese investors for paper of Japanese companies.

CBS, a rare U.S. corporate issuer, attracted the Swiss, but even so the \$100 million of 1992 notes, which were offered to yield 11 1/4 percent, ended the week at a discount of 1 1/4 points.

But name recognition did not help United Technologies, which tumbled 2.9 points on its \$150 million of 11 1/4 percent notes due in 1992. These were priced to yield 11 1/4 percent.

HAMMERSON Property Investment & Development and the Federal Home Loan Bank also ended the week at very steep discounts of 3 1/2 points.

Hammerson, a large British property developer, suffered from being poorly known, while Federal Home, in another of the targeted registered issues by U.S. government-sponsored agencies, ran into trouble because of its ungenerous pricing and continuing investor resistance to registered paper.

Its \$200 million of 11 1/2 percent notes due in 1989 were priced at 99 1/4 — equal to 18 basis points more than comparably dated Treasury paper was selling for in New York.

In New York, Federal Home paper would normally be priced to yield at least 20 basis points more than Treasury issues, and by the end of the week it was trading at the equivalent of 24 basis points more.

Standard Oil of Ohio, in what may be the last warrant issue until the interest-rate outlook reverses, tried a new gimmick but failed to excite investors. The gimmick is discount bonds.

This is aimed to appeal to investors who fear that if interest rates fall, the price of high-coupon bonds will never rise fully to match the drop in rates because of traditional market resistance to paying premiums of more than 15 percent on straight debt.

Sohio's \$150 million of four-year notes were priced at 97 1/4, meaning that investors need only put up \$97.75 for each \$100 of nominally-valued security. The notes carry a coupon of 10 1/2 percent. The yield is 11 1/2 percent — a level that the market deemed inadequate, as the price tumbled 2 points to 95 1/4.

Sohio's four-year warrants, offered at \$25 each, can be used to buy noncallable 10 percent bonds due in 1992. The exercise price ranges from a discount of 93.04 in the first year to 96.36 in the fourth year. This is designed to produce a constant purchasing yield of 11 1/2 percent.

But the plan did not fire up investors, and the warrants ended the week quoted at \$15-\$18.

The floating-rate-note sector fared little better. While these instruments are perceived as the safest protection against rising interest rates, the market suffered from a glut of new issues inadequately priced to reflect differences in quality or public perception.

The worst received was First City Bank of Texas, a holding company whose major unit is First City National Bank of Houston. Its \$100 million of 1995 notes carry a coupon of 3/16-point over the three-month London interbank offered rate, and this level was deemed inadequate to reflect the single-A credit rating.

The notes ended the week at 98.55-75, representing a loss for

(Continued on Page 15, Col. 4)

TI Plans January Layoffs

Firm Cites Drop In Chip Demand

By Eric N. Berg

New York Times Service

NEW YORK — Citing "continued weakening of the worldwide semiconductor market," Texas Instruments Inc. said it planned to lay off 2,000 workers in January.

The Friday announcement, coming only three days after Honeywell Inc. had announced a 1,000-worker layoff at its Synetec Inc. semiconductor subsidiary, prompted immediate concern by analysts that the chip-making industry might be headed for a long period of retrenchment.

"One way or another, for the remainder of 1984, and into the first few months of 1985, you will see an attrition of the semiconductor work force," said Frederick L. Zieber, an analyst at Datquest Inc., a market research firm.

"Throughout the industry, overtime has been discontinued, and extra shifts are no longer being used," said Michael W. Kubiak, manager of strategic programs at the Semiconductor Industry Association, a trade group.

Texas Instruments, the world's largest maker of semiconductors, said that some of the layoffs would be permanent and some temporary. The company said that most of the affected people currently work in chip-making plants in Texas.

The announcement was made after the close of the stock market Friday, when Texas Instruments' stock closed at 11 3/4, off 3/4, on the Big Board.

Texas Instruments, which is based in Dallas, also said it had instituted "reduced work schedules" at some of its factories. This also reflected the problems in the semiconductor market, the company said.

The announcement cited Texas Instruments' third-quarter report to shareholders, in which the company said order rates for semiconductors had begun to plunge. At that time, the company attributed the drop in orders to a slowdown in U.S. economic growth and to inventory adjustments by customers.

Analysts said Friday that those same factors were behind the layoffs. In particular, they said, Texas Instruments and other leading chip makers, greatly enlarged chip-making capacity last spring in anticipation of continued vigorous demand for electronic products that use the chips, such as personal computers. Texas Instruments chips are used in a wide range of personal computers.

Since then, however, demand for personal computers has leveled off, leaving makers of those machines with more than enough inventory of electronic circuits. The slowdown in the economy has aggravated the situation.

That would be in sharp contrast to the situation six months ago, when, because of the rosy forecasts for personal computers, chips were in short supply. The most recent excess capacity, therefore, seemed to provide yet further evidence, analysts said, that the industry remains volatile.

Cheaper Gasoline, Changing Tastes Cut U.S. Diesel-Powered-Car Sales

By John Holusha

New York Times Service

DETROIT — The diesel-powered auto, which not long ago seemed on its way to capturing a big chunk of the U.S. car market, now seems headed toward a dead end.

General Motors Corp., the nation's largest automaker, said last week that it would stop offering the diesel option on all but one of its car lines after the current model year.

GM now offers diesels in various models from all five of its car divisions. GM will continue to offer diesels only in trucks and in its bottom-of-the-line Chevette.

GM said the decision to drop diesels, which were once regarded as an important means of improving fuel economy, was a response to depressed sales and more stringent federal emissions standards that are to take effect next year.

In its peak year of 1981, GM sold 350,000 diesel-powered cars. That year, diesels of all makes captured 6.1 percent of the U.S. car market. By contrast, in the first 10 months of 1984, GM has sold 26,200 diesel-powered cars, a spokesman said, compared with 64,900 in the like period last year.

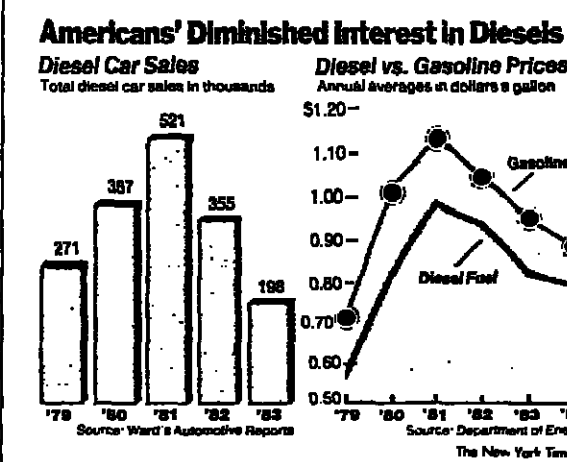
Diesel engines are 10 percent to 30 percent more fuel-efficient than those powered by gasoline. In 1979, when oil prices fell, they became the hottest item on the auto market.

A combination of factors has diminished the diesel's popularity, according to industry analysts.

Gasoline fell in price and worries about its availability vanished. Meanwhile, the cost of diesel fuel rose. Buyers of the early diesels encountered problems with the cars.

And the sluggish diesel suddenly lacked appeal to car-buyers who had rediscovered their love for quick acceleration and high performance.

"The diesel was a high-mileage alternative for people when gasoline was expensive and in short supply," said David Healy, an analyst with Drexel Burnham



Lambert Inc. "Nobody's worrying about long lines at the pump any more, so people have gone back to buying big, gasoline-powered cars."

"America's disinclination to buy diesels was accelerated by the problems with the early versions," Mr. Healy said. "People began to notice that they were expensive, smoky, smelly, heavy and hard to start."

GM's decision leaves the diesel field largely to imports. Chrysler Corp. has not been producing a diesel-powered car since 1979, which offers a Japanese-made diesel in its smaller models and a West German-made one in its larger Continental, terms its diesel sales, which are less than 1 percent of its total sales, "disappointing."

"The price of fuel has been the biggest factor in the decline of diesel sales," said Leonard Sherman of the Box, Allen, Hamilton consulting firm.

According to figures compiled by Runzheimer & Co., a consulting firm that specializes in travel costs, a gallon of diesel fuel in October 1981 cost \$1.32 (about 35 cents a liter). That was 11 cents less than regular unleaded gasoline at \$1.43. By October 1984, diesel had slipped to \$1.22 a gallon, but gasoline had dropped to \$1.20.

Analysts said that in addition to the decline in gasoline prices

Norsk Hydro Said to Look at Part of Phillips

By Robert J. Cole

New York Times Service

NEW YORK — Norsk Hydro A/S, the Norwegian industrial giant, has expressed interest in negotiating with Phillips Petroleum Co. possibly to buy part of it, according to international investment bankers.

Bankers based in London said that Norsk Hydro's specific interest was unclear, but that the company already had major oil and gas operations in the North Sea and was thought to be interested in buying Phillips's Ekofisk oil operations to extend those holdings.

Norsk Hydro already has a 6.7-percent interest in the Ekofisk oil field, Phillips said. Phillips owns 37 percent of the field, while other oil companies control the rest.

Ekofisk, which is centered in the Norwegian North Sea, is one of Phillips's most important operations and accounts for one-fourth of the company's petroleum output.

[A spokesman at Phillips headquarters in Bartlesville, Oklahoma, declined comment on the reports. The Associated Press reported Saturday. The spokesman said the reports were simply "market rumor."]

Phillips is resisting an unsolicited \$9.1-billion takeover proposal from a group led by T. Boone Pickens Jr., the Texas oilman. The apparent interest from Norsk Hydro was the first concrete sign that Mr. Pickens, who controls Mesa Petroleum Co., might yet have competition.

Among other potential competitors, Royal Dutch/Shell Group, mentioned as a possible suitor, has eliminated itself. Atlantic Richfield Co., which has also been mentioned, has told oilmen that it is not interested.

Standard Oil Co. of Indiana, makers of Amoco gasoline, is thought to have no interest either, while Standard Oil Co. of Ohio, another possible buyer, is counted

out by analysts for "lack of muscle."

Last Tuesday, when Mr. Pickens ended months of speculation and identified Phillips as his takeover target, he said that he and his partners, Cyril Wagner Jr. and Jack E. Brown, both of Midland, Texas, owned a total 5.7 percent of Phillips and would pay \$60 a share for enough to give them nearly 21 percent.

On Friday, Phillips closed at \$53.50, up 75 cents, and was the third most active issue on the New York Stock Exchange. Since Tuesday, it had gained \$8.75, and on Thursday it was the most active stock on the Big Board, trading 7.6 million shares.

OPEC Panel Sets Accord on Pricing Policy

Reuters

KUWAIT — An OPEC committee has agreed to changes in the oil cartel's pricing policy, but its benchmark price will remain untouched, according to Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani.

After a meeting of the committee here Saturday, Sheikh Yamani said the panel had agreed to realign price differentials — the gaps between light and heavy crude prices based on quality and cost of shipment to markets.

"We reached agreement and differentials will be corrected to everyone's satisfaction," he said, but declined to give details.

Despite a weakening of world oil prices, Sheikh Yamani said he was confident that the Organization of Petroleum Exporting Countries would be able to defend the benchmark of \$29 a barrel for Saudi Arabian light crude.

Nestlé Issue Highlights Lack of Standard Market Procedures

By Carl Gewirtz

International Herald Tribune

PARIS — Despite extensive griping from bankers about the low profitability of note-issuance facilities, Nestlé SA had no trouble last week finding banks willing to back its sale of \$1 billion of promissory notes. In fact, some 40 banks volunteered to provide \$1.7 billion worth of credit, and Nestlé now has to decide whether to increase the amount or cut the amount that each participant will underwrite.

Likely as not, the banks will never see any of these notes because Nestlé has the option of issuing commercial paper in the New York market, which historically has been the cheapest source of short-term finance.

But even if Euronomes are to be issued, the banks, providing the back-up line of credit may not wind up with any. Some bankers argue that this is a sore point because the real money, if any, to be made from the transaction is through the sale of notes.

As matters stand, the lead manager, Credit Suisse First Boston Ltd., has the right to post its own bid for the notes that other members of the syndicate can bid against. If no bid is more favorable to Nestlé, CSFB can take the whole amount.

If the competing bids are more favorable, CSFB can allot itself up to 20 percent of the notes at the average price.

CSFB says this is fair compensation for its "no-win situation" of submitting a bid price against which all competitors can target their own bids. If market conditions deteriorate after CSFB posts its bid, it will be left with the paper. If the market improves, the CSFB bid would risk being the highest —

leaving the investment bank without any paper.

Some competitors criticize this procedure, arguing that it gives CSFB a preferential right of allocation. CSFB says it is the standard

SYNDICATED LOANS

formula that it uses in all the note-issuance facilities it organizes. But the issue highlights the lack of an accepted standard procedure in the market.

Merrill Lynch & Co., for example, has been driven by market opposition to give up its demand to be sole placing agent of notes. It now says "senior" underwriters of deals that it manages can take their share of notes, but Merrill remains sole placing agent for the notes of all "junior" underwriters.

Other lead managers are automatically assigned 20 percent of the

notes at the average price while in some deals all banks bidding for the notes are on an equal footing.

Occidental Petroleum Corp. apparently will skirt this problem all together. The oil company is, itself, trying to organize a syndicate to back up the sale of as much as \$200 million worth of notes. The facility would run for five years and banks would be paid an annual underwriting fee of 1/4 percent (12 1/2 basis points). The notes would be sold at a cost of no more than 20 basis points over the London interbank offered rate — anything more and the underwriters would have to take the notes.

In addition, Occidental is offering a one-time front-end fee of 20 basis to banks participating in the facility.

The terms appeared attractive, bankers said. But they added that they were bewildered as to why the

company had chosen this unorthodox method of arranging the facility.

"It's an off-the-wall procedure, from an off-the-wall company," one banker said. The company itself had not commented. Toronto-Dominion Bank, tipped as the agent for the deal, also had no comment.

U.S. Bank Corp. of Oregon has Salomon Brothers arranging a \$75-million, three-year facility. The price of these notes would not exceed 1/4-point over Libor. Fees were not disclosed.

Total International, a unit of Compagnie Française des Pétroles, is quietly sounding out the market for terms on a facility. So far, no amount or maturity has been fixed because the company first wants to see what is available.

Scheduled to be announced this week is an \$80-million facility for Danish Oil & Natural Gas Co.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Last Wk.	Prev. Wk.	% Chg.
DJ Index	1,163.21	1,188.94	-2.16
DJ Indus.	144.85	145.02	-0.12
DJ Trans.	222.70	222.55	+0.07
S&P 500	158.89	161.05	-1.34
S&P 400	142.50	143.50	-0.81
NYSE Comp.	92.52	94.30	-0.83

Britain

FTSE 100	N.A.	1,181.20
FTSE 250	N.A.	918.10

Hong Kong

Hong Kong	N.A.	1,128.10
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Japan

Nikkei DJ	N.A.	11,428.90
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West Germany

Commerzbank	N.A.	1,089.90
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Not-U.S. indices from James Capital & Co. Ltd., London.

Money Rates

United States	Last Wk.	Prev. Wk.	% Chg.
Discount rate	8 1/4	8 1/4	0
Federal funds rate	8 1/4	8 1/4	0
Prime rate	11 1/4	11 1/4	0

Japan

Discount	5	5	0
Call money	6 1/4	6 1/4	0
3-month interbank	4.30	4.30	0

West Germany

Lombard	5.50	5.50	0
Overnight	5.55	5.55	0
1-month interbank	5.55	5.55	0

Britain

Bank base rate	9 1/4	9 1/4	0
Call money	9 1/4	9 1/4	0
3-month interbank	9 1/4	9 1/4	0

Dollar

3-month interbank	9 1/4	9 1/4	0
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Gold

London a.m. fix	327.00	326.00	-0.41
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Reference gold price from Citicorp, New York.

Currency Rates

Late interbank rates on Dec. 7, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	\$	DM	FF	£	Yen	S.F.	Yen
Amsterdam	2.4625	4.177	112.825	36.83	163.57	136.57	163.57
Brussels	41.845	74.54	20.128	4.745	32.615	17.855	24.858
Frankfurt	1.071	3.707	22.457	1.214	82.81	4.964	37.115
London	1.285	2.716	11.373	2.288	4.903	74.845	32.528
Milan	1.09448	2.28468	47.770	20.151	54.722	36.657	74.830
New York	1.2025	3.7065	9.465	1.94040	9.465	22.55	24.858
Paris	9.172	11.231	3.6527	6.48	12.575	3.707	3.811
Tokyo	244.70	297.85	81.57	26.57	12.86	71.29	288.84
Zurich	2.5445	3.8615	82.395	26.93	61.328	72.015	4.101
1 ECU	0.7844	0.6028	2.2332	4.8887	1.27845	2.5174	44.958
1 SDR	0.99445	6.82289	3.0454	9.33355	1.81119	3.2636	61.344

Dollar Values

	Per	U.S.	Per	U.S.	Per	U.S.	Per	U.S.
DM	1.00	0.81	DM	1.00	0.81	DM	1.00	0.81
FF	1.00	20.36	FF	1.00	20.36	FF	1.00	20.36
£	1.00	1.60	£	1.00	1.60	£	1.00	1.60
Yen	1.00	360.71	Yen	1.00	360.71	Yen	1.00	360.71
S.F.	1.00	136.57	S.F.	1.00	136.57	S.F.	1.00	136.57

Source: Reuters (1982) (1983) (1984) (1985) (1986) (1987) (1988) (1989) (1990) (1991) (1992) (1993) (1994) (1995) (1996) (1997) (1998) (1999) (2000) (2001) (2002) (2003) (2004) (2005) (2006) (2007) (2008) (2009) (2010) (2011) (2012) (2013) (2014) (2015) (2016) (2017) (2018) (2019) (2020) (2021) (2022) (2023) (2024) (2025) (2026) (2027) (2028) (2029) (2030) (2031) (2032) (2033) (2034) (2035) (2036) (2037) (2038) (2039) (2040) (2041) (2042) (2043) (2044) (2045) (2046) (2047) (2048) (2049) (2050) (2051) (2052) (2053) (2054) (2055) (2056) (2057) (2058) (2059) (2060) (2061) (2062) (2063) (2064) (2065) (2066) (2067) (2068) (2069) (2070) (2071) (2072) (2073) (2074) (2075) (2076) (2077) (2078) (2079) (2080) (2081) (2082) (2083) (2084) (2085) (2086) (2087) (2088) (2089) (2090) (2091) (2092) (2093) (2094) (2095) (2096) (2097) (2098) (2099) (2100) (2101) (2102) (2103) (2104) (2105) (2106) (2107) (2108) (2109) (2110) (2111) (2112) (2113) (2114) (2115) (2116) (2117) (2118) (2119) (2120) (2121) (2122) (2123) (2124) (2125) (2126) (2127) (2128) (2129) (2130) (2131) (2132) (2133) (2134) (2135) (2136) (2137) (2138) (2139) (2140) (2141) (2142) (2143) (2144) (2145) (2146) (2147) (2148) (2149) (2150) (2151) (2152) (2153) (2154) (2155) (2156) (2157) (2158) (2159) (2160) (2161) (2162) (2163) (2164) (2165) (2166) (2167) (2168) (2169) (2170) (2171) (2172) (2173) (2174) (2175) (2176) (2177) (2178) (2179) (2180) (2181) (2182) (2183) (2184) (2185) (2186) (2187) (2188) (2189) (2190) (2191) (2192) (2193)

New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield	Price and week	Terms
FLOATING RATE NOTES							
African Development Bank	\$100	1996	3/4	100	—	99.63	Over 6-month Libor, Minimum coupon 5 1/2%. Callable at par in 1985 and redeemable at par in 1992. Fees 0.90%. Denominations \$10,000.
ENEL	\$300	2000	3/4	100	—	99.65	Over 6-month Libor, Minimum coupon 5 1/2%. Callable at par on any interest payment date after 1985. Payable Feb. 11. Fees 0.275%. Denominations \$10,000.
First Boston	\$50	1994	3/4	100	—	99.75	Over 6-month Libor, Minimum coupon 5 1/2%. Callable at par in 1988. Fees 0.90%. Denominations \$10,000.
First City Bank of Texas	\$100	1995	3/16	100	—	98.50	Over 3-month Libor, Minimum coupon 5 1/2%. Callable at par in 1988. Fees 0.90%. Denominations \$10,000.
Marine Midland Bank	\$150	2009	3/16	100	—	99.60	Over 3-month Libor, Minimum coupon 5 1/2%. Callable at par in 1986. Fees 0.75%. Denominations \$10,000.
National Bank of Detroit	\$100	1996	3/4	100	—	99.30	Over 6-month Libor, Minimum coupon 5 1/2%. Callable at par in 1986. Fees 0.25%. Denominations \$10,000.
National Commercial Bank of Saudi Arabia	\$200	1994	3/4	100	—	99.40	Over 6-month Libor, Minimum coupon 5 1/2%. Redeemable at par in 1989 and 1991 and callable at par in 1986. Fees 0.75%. Denominations \$10,000.
Republic New York	\$150	2009	3/4	100	—	98.37	Over 3-month Libor, Minimum coupon 5 1/2%. Callable at par in 1986. Fees 0.86%. Denominations \$10,000.
Rothschild Continuation Finance	\$75	2015	3/4	100	—	98.40	Over 6-month Libor, Minimum coupon 5 1/2% until 1991. Callable at par in 1990. Fees 1%. Payable Jan. 9. Denominations \$10,000.
FIXED-COUPON							
CBS	\$100	1992	11 1/2	99 1/2	11.48	97.75	First callable at 100% in 1991.
CBS	\$40	1994	10 1/2	100	10 1/2	—	First callable at 100% in 1993.
Federal Home Loan Bank	\$200	1989	11	99 1/2	11.08	97.13	Noncallable. Denominations \$10,000. Payable Jan. 3.
Hammerson Property Investment & Development	\$100	1989	12	99 1/2	12.14	96.83	Noncallable.
Marubeni	\$100	1991	11 1/2	100	11 1/2	99.13	Noncallable.
Standard Oil (Ohio)	\$150	1989	10 1/2	97 1/2	11.23	95.75	Callable at par in 1988. Payable Jan. 9.
Standard Oil (Ohio)	0.15	1989	—	\$25	—	\$15	Each warrant is exercisable at a price ranging from \$3.04 to \$6.36 into a \$1,000 note of company's noncallable 10% bonds of 1992, to yield 11 1/2%.
United Technologies	\$150	1992	11 1/2	99 1/2	11.36	96.60	Noncallable. Payable Jan. 15.
Gillette Capital	DM 125	1991	7	100	7	100	First callable at 101% in 1988. Private placement.
Inter-American Development Bank	DM 200	1994	7 1/2	100	7 1/2	99.88	Noncallable.
Reed Int'l	£50	1994	11 1/2	100	11 1/2	98	First callable at 102 in 1991. £30 million issued now and £20 million reserved for a 1-yr top.
European Investment Bank	ECU 100	1994	10 1/2	100	10 1/2	99.88	Noncallable. Payable Jan. 9.
Goodyear Tire & Rubber	¥12,500	1994	6 1/2	100	6 1/2	98.13	First callable at 101 in 1989.
World Bank	¥20,000	1994	open	open	—	97.55	Coupon indicated at 6 1/2%. Noncallable. Terms to be set Dec. 11.
Dunlop Olympic	NZ\$ 30	1990	15 1/2	100	15 1/2	—	Noncallable. Payable Jan. 15. Increased from NZ\$25 million.
Bspartifins	NK 200	1992	open	open	—	—	Coupon indicated at 10 1/2%. First callable at 100% in 1990. Payable Jan. 15. Terms to be set Dec. 14.
EQUITY-LINKED							
Komori Printing Machinery	\$30	1990	open	100	—	—	Coupon indicated at 8%. Noncallable. Each \$1,000 bond with one warrant exercisable into an equal amount of company's shares at an anticipated 2 1/2% premium. Payable Jan. 9. Terms to be set Dec. 11.
London & Scottish Marine Oil North Sea	\$45	1999	open	100	—	—	Coupon indicated at 9 1/2%. First callable at 105 in 1997. Convertible at an anticipated 12 1/2-15% premium. Terms to be set Dec. 14.
NEC	\$150	2000	2 1/2	100	2 1/2	—	Semiannually. First callable at 104 in 1988. Convertible into 962 NEC's shares at 1.295 yen a share, a 3.6% premium. Exchange rate set at 249.10 yen per dollar.
Toyo Menka Kaisha	\$50	1999	open	100	—	99.70	Coupon indicated at 3 1/2%. First callable at 103 in 1989. Convertible at an anticipated 2 1/2% premium. Terms to be set Dec. 11.
Fuji Electric	DM 120	1990	3 1/2	100	3 1/2	99	Noncallable. Each 5,000-mark bond with one warrant exercisable into 1,344 Fuji's shares of 200 yen a share, a 1.4% premium. Exchange rate set at 80.68 yen per mark.
Herlitz Financing	DM 50	1994	3	100	3	101	Noncallable. Each 1,000-mark bond with 2 warrants exercisable into a total of 5 company's shares at 216 marks each, a 0.5% premium.
Mitsubishi Metal	DM 100	1989	3 1/2	100	3 1/2	98.50	Noncallable. Each 4,000-mark bond with 4 warrants exercisable into an equal amount of company's shares at an anticipated 2 1/2% premium. Terms to be set Dec. 11.
Renown	DM 80	1990	open	100	—	98.50	Coupon indicated at 3 1/2%. Callable at 101 in 1989. Convertible into company's shares at an anticipated 5% premium. Terms to be set Dec. 12. Payable Jan. 5.

Investors Flee Eurobonds

(Continued from Page 13)

underwriters who made a 1-percent commission and bought the notes at 99.

Republic of New York offered \$150 million of notes due in 2009 with interest set at 3/4-point over three-month Libor. The maturity was considered too long and the bank not well known enough.

That criticism also applied to Rothschild Continuation Finance's \$75 million of notes due in 2015. Critics said underwriters should have taken both borrowers on a road show, introducing and explaining them to potential investors.

The Rothschild paper, whose interest is pegged at 1/4-point over six-month Libor, ended the week at 98.35 (as did Republic's), well below the price at which underwriters acquired the paper.

Underwriters were also losing money on Marine Midland's \$150-million issue and National Bank of Detroit's \$100-million offering.

The exceptions were the African Development Bank, whose ownership includes the major industrialized countries, ENEL, Italy's state electricity utility, First Boston and National Commercial Bank of Saudi Arabia. These issues traded at prices that were well within the commissions paid underwriters.

In the European market, controversy flared last week, with some underwriters balking at the 1 1/2-percent commission proposed by Daiwa Securities on the 20-billion-yen issue for the World Bank.

Critics argued that the fees on the 10-year bonds should be 1 1/2 percent, while Daiwa maintained that the World Bank has always paid 1 1/2 percent to market Euroyen bonds. The bonds are expected to be offered at 99 1/2 bearing a coupon of 6 1/2 percent and ended the week at a discount of 1 1/2 points.

Analysts interpret the yield difference between the World Bank paper and Goodyear Tire & Rubber's (\$12.5 billion yen of 10-year bonds sold at par with a coupon of 6 1/2 percent) as evidence that the major buyers of Euroyen are Japanese rather than international investors.

The Goodyear paper, quoted at a 1 1/2-point discount, ended the week yielding 7.09 percent, compared with 6.95 percent for the World Bank. The analysts say that Eurobond investors traditionally prefer corporate paper over supranational issues while Japanese investors prefer supranationals.

A good example of this was offered by Gillette, which sold 125 million Deutsche marks of seven-year notes at par, bearing a coupon of 7 percent. By contrast, the Inter-American Development Bank sold 200 million DM of 10-year bonds at par bearing a coupon of 7 1/2 percent.

Two DM issues this week, for Commodore and the European Investment Bank, will complete the current calendar. Bankers will meet Thursday to set new-issue schedule for the coming month.

Diesel Sales Fall in U.S.

(Continued from Page 13)

expensive than in the United States, have exceeded 15 percent of the market for the last three years, and they have continued at more than 10 percent in West Germany in the same period.

However, few industry people expect U.S. automakers to produce diesel engines again, even if gasoline prices start to climb.

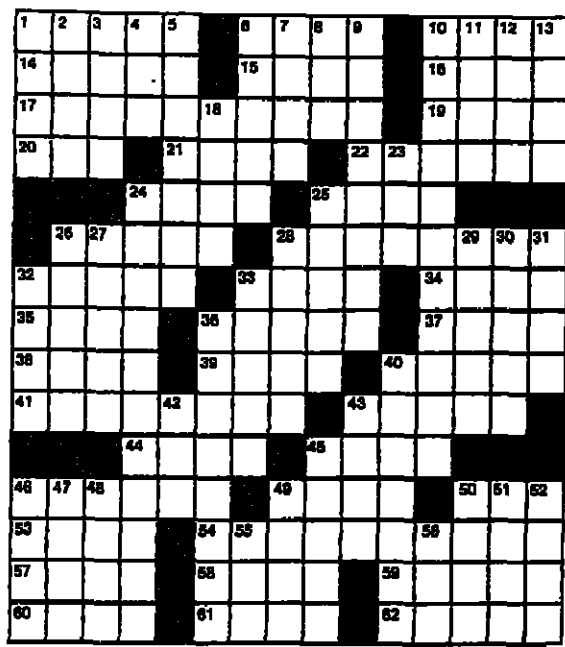
Volkswagen of America Inc., the U.S. subsidiary of Volkswagenwerk of West Germany, has abandoned for the time being the dream of reaching 5 percent of the U.S. market, a goal set during the height of the popularity of the diesel Rabbit. Its second plant has been sold to the Chrysler, which is producing gasoline-powered sports cars.

Even Daimler-Benz AG of West Germany, which makes the Mercedes-Benz and has been making diesel-powered cars since 1936, has seen a lessening of emphasis. The advent of the smaller, four-cylinder 190 series of cars in the United States will reduce diesel sales there from the usual two-thirds of the total to about one-half this year, a spokesman said.

NASDAQ National Market

S&P 500										NASDAQ										NYSE										AMEX										OTC									
Symbol	100s	High	Low	Close	Chg	Vol	Net	Symbol	100s	High	Low	Close	Chg	Vol	Net	Symbol	100s	High	Low	Close	Chg	Vol	Net	Symbol	100s	High	Low	Close	Chg	Vol	Net	Symbol	100s	High	Low	Close	Chg	Vol	Net										
AA	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AB	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AC	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AD	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AE	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
AF	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AG	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AH	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AI	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AJ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
AK	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AL	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AM	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AN	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AO	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
AP	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AQ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AR	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AS	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AT	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
AV	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AW	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AX	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AY	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	AZ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
BA	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BB	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BC	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BD	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BE	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
BF	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BG	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BH	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BI	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BJ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
BK	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BL	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BM	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BN	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BO	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
BP	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BQ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BR	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BS	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BT	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
BV	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BW	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BX	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BY	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	BZ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
CA	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CB	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CC	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CD	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CE	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
CF	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CG	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CH	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CI	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CJ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
CK	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CL	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CM	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CN	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CO	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
CP	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CQ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CR	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CS	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CT	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
CV	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CW	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CX	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CY	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	CZ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
DA	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DB	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DC	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DD	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DE	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
DF	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DG	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DH	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DI	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100	DJ	24 1/2	24 3/4	24 1/4	24 1/2	+1/4	100	100										
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ACROSS

1 Director Lean
6 Porgy's woman
10 Predicaments
14 Actress
15 Porter or Portman
16 Monad
17 She played the Palace
19 Roy Rogers's wife
20 Demolition team's explosive
21 Narrative
22 Metalious's "Place"
24 Two-wheeled vehicle
25 Hind's mate
26 Composition
28 Poe poem
32 Jolop
33 Male guinea pig
34 San —, Italy
35 Powers or Wagner role
36 Allen's partner at the Palace
37 Majors and Grant
38 River into the Ouse
39 "More, With Feeling," 1960 film
40 Hearn's co-star at the Palace

DOWN

1 Dexterous
2 Ladd
3 Outlet
4 Hostel
5 Postdawn period
6 He played the Palace
7 Pa. city
8 Incite to attack
9 Emblems of authority
10 She played the Palace

ACROSS

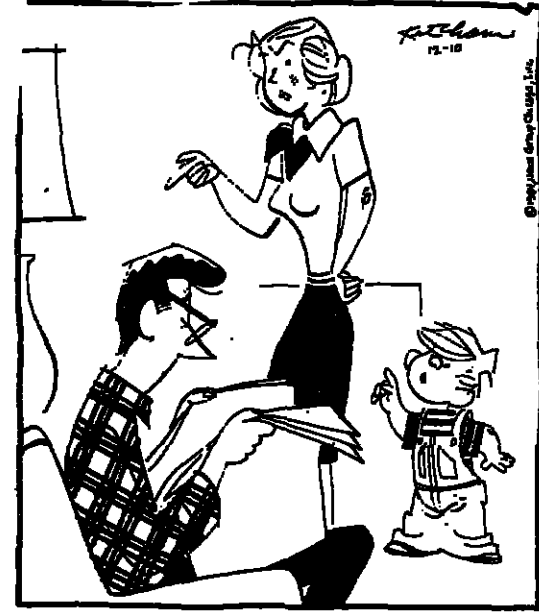
41 Site of a famous rock
43 Colonial garden flower
44 Adjective suffixes
45 Dry
46 "A—the
49 Hales
50 Tokyo, formerly
53 Roman cit.
54 She played the Palace
57 Balcony's rich cousin
58 "Nil— bonum"
59 "—the Titanic" 1980 film
60 Evil look
61 Suffix with luncheon
62 Scoff

DOWN

11 Med. subject
12 Venus de
13 British carbine
14 Set for 300, e.g.
23 Where the malleus is
24 She played the Palace
25 Role played by
26 Down
28 Lag behind
29 Houdini who played the Palace
28 Fierstein's "Song Trilogy"
29 Swerves
30 —board
31 Intrusive
32 Crack
33 Baseball plays
36 French port
40 Tormentors
42 Bit for Dobbin
43 Not pub.
45 Gopher Palmer
46 Rogers who played the Palace
47 Sioux Indian
48 Sheldon's
49 "Angels"
49 She played the Palace
50 Adams from Pa.
51 Sedate, in a way
52 Standout
53 Humor
54 Fied

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DENNIS THE MENACE



"IS IT ALL RIGHT TO INTERRUPT SOMEONE WHEN NOBODY'S LISTENING?"

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SHWIK

DARAW

SYPEDE

NEEGIN

WHAT THE CHURCH SEXTON MINDS.

Now arrange the circled letters to form the surprise answer, as suggested by the above clues.

Answer here: HIS

Friday's Jumbles: YACHT STOOP MATURE POLICY

Answer: From athletics one could achieve this— "LITHE ACTS"

(Answers tomorrow)

Answer: From athletics one could achieve this— "LITHE ACTS"

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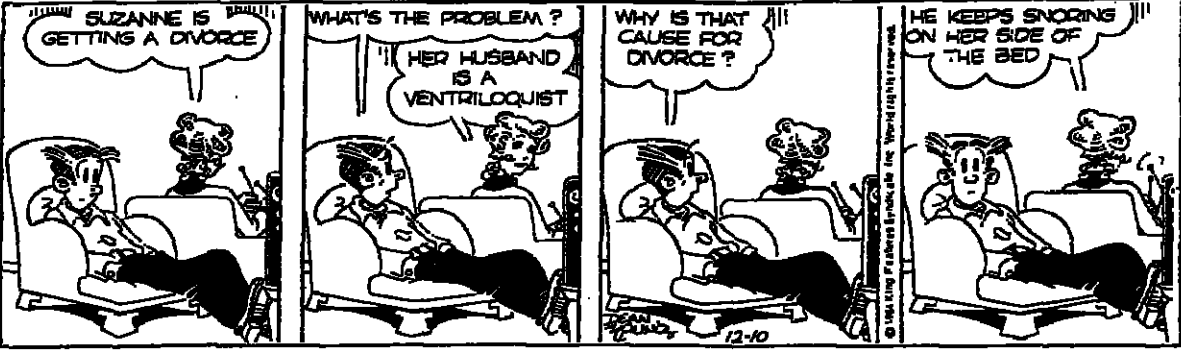
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PEANUTS



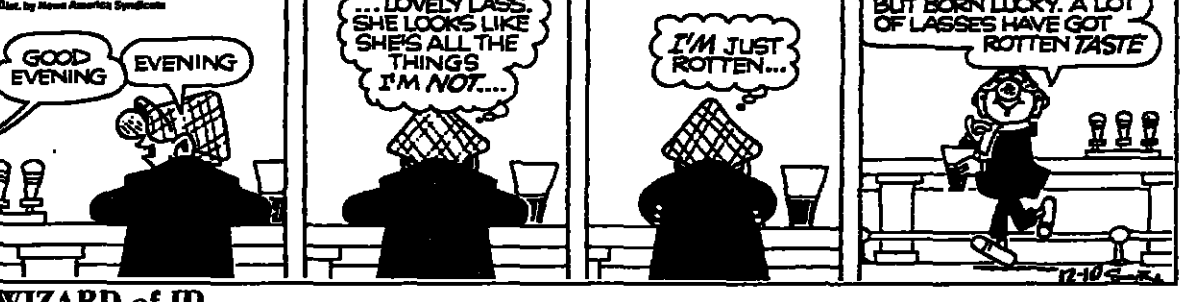
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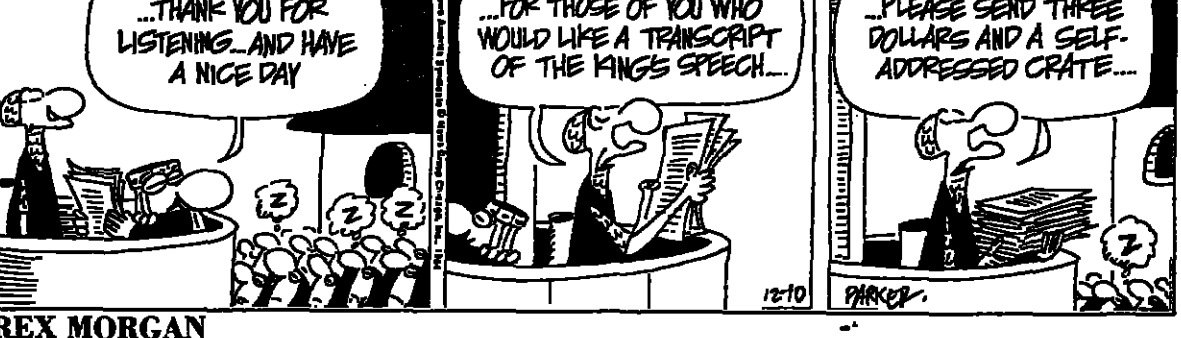
BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



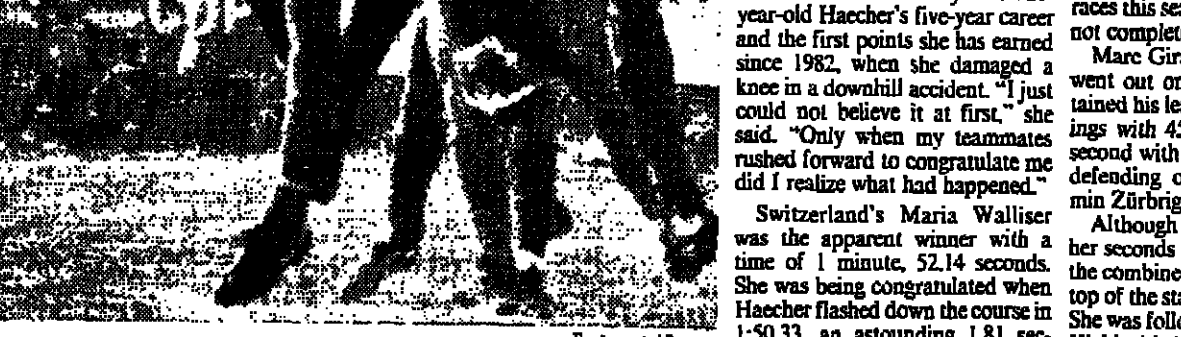
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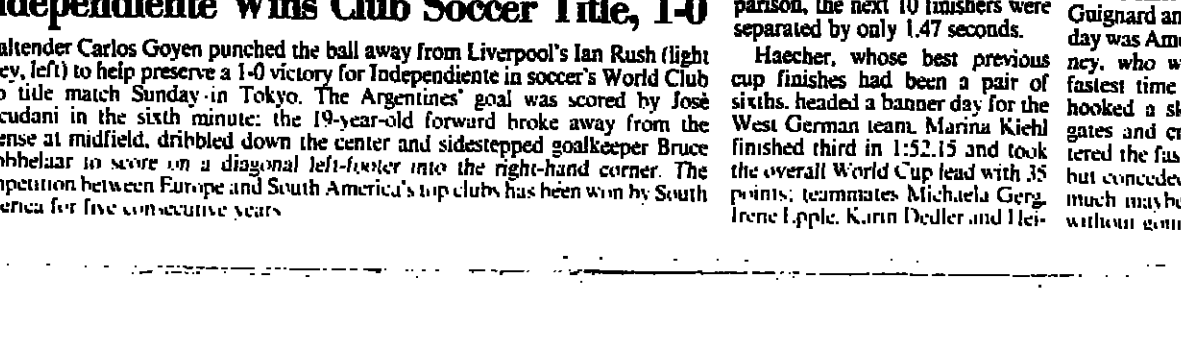
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BOOKS

FATE KEEPS ON HAPPENING: Adventures of Lorelei Lee and Other Writings

By Anita Loos. 293 pp. \$16.95.
Dodd, Mead, 79 Madison Avenue.
New York, N. Y. 10016.

Reviewed by John Gross

THE last of Anita Loos—the phrase has a sad ring to it. But it is preverbal, as Lorelei Lee herself might have said, that all good things must come to an end, and "Fate Keeps on Happening" gives every sign of being a final offering from the pen of Lorelei Lee's creator. It consists of 43 short pieces, written between 1926, the year following the first appearance of "Gentlemen Prefer Blondes," and 1981, the year Anita Loos died. A dozen of them have never appeared in print before; the remainder have been rescued from varying degrees of obscurity.

The opening section is given over to some memories and reflections from the later career of Lorelei Lee. She reveals one or two techniques a girl can use to get her gentleman friend to buy her a fur coat: they go back to "the Olden Times, before Minks got mutated," but no doubt they still do the trick. She describes, with considerable relish, how she outwitted "Mr. Bugis Lazarus, the famous literary agent" (names have evidently been changed to protect the innocent). And writing from Detroit, where she now holds court as the wife of an auto manufacturer, she chronicles her earlier marital achievements.

Her marriage to a wealthy Philadelphiaian called Spofford was "tempered by having to live with him in Philadelphia." Then, since every girl should allow herself the privilege of one mistake, she married an Argentine "whose only visible means of support was sex appeal" (and even though she made sure he couldn't rely on her for more than bed and board and pocket money, "it was a relief to learn how quickly he became obnoxious").

Yet Lorelei remains a romantic soul. After all, romance is the line of business she is in—

as Anita Loos says, she is "an imperturbable partisan of soft lights and soft touches"—and it is in the name of romance that she writes a letter to Dr. Kinsey complaining about his report on "Sexual Behavior in the Human Female."

This is one of the funniest and most pointed pieces in the book. Her initial indignation "Kinsey's neglect of romance gives way to the consoling thought that 'as soon as everybody

reads those 343 pages, they are going to be so fed up on sex that they will very quickly revert to Human Females of the sentimental type like I," and it is hard to resist the conclusion that she is at least as scientific in her approach as the doctor is. She ends by inviting him to look her up if he is ever in New York.

Here as elsewhere Lorelei's charm depends on the artfully artless style in which she rattles along, and on the mistakes and malapropisms which make her say so much more than she intends.

In the best of the episodes narrated by Lorelei in "Fate Keeps on Happening" the irony resides in the situation no less than the style. "A Bachelor's Dilemma," one of the previously unpublished pieces, is the story of a man about town who, in his mid-40s, found that his health was giving way. First he was forbidden to drink, then he was forbidden to go to disco, and "when the doctor told him that he even had to give up women, he realized the time had come for him to make some nice girl happy." But in trying to choose a bride he was hopelessly torn between Kay, who kept praising him for his mostly good looks, and Winona, who paid constant tribute to his intellect. How could he be sure who was the one he really cared for? Readers are left to work out the satiric moral for themselves.

Along with the Lorelei sketches, "Fate Keeps on Happening" includes a couple of essays recalling how "Gentlemen Prefer Blondes" came to be written and how it was turned into a musical. But all this amounts to less than a quarter of the book. The remainder consists of light magazine essays, reminiscences of Hollywood, some portraits of friends and acquaintances, ranging from Audrey Hepburn to Albus Huxley, and a novella that was serialized in Harper's Bazaar in the 1920s entitled "Why Girls Go South."

Very little of this material is on the same level as the opening section, and in reprinting some of the minor pieces the editor is scraping the proverbial barrel. Still, the chitchat is quite amusing, as chitchat goes, and it is at any rate a bracing spectacle to see the author in her 80s assailing her juniors with such vigor, inveighing against "the creepy exhibitionism of such show-offs as Joan Baez and Yoko Ono" and deploring "the grim miasma of Jane Fonda and Shirley MacLaine."

As for "Why Girls Go South," it is an entertaining Jazz Age cario — the story of a New York debutante who nearly goes off the rails in Palm Beach but finally picks the appropriate kind of mate for a girl whose father is the head of one of Manhattan's most prominent families, the Revells ("the last time he was sober was just before his graduation from Harvard in 1886"), and whose mother boasts an even prouder pedigree — before her marriage she was a van Tassel ("and much too good for a Revell"). Mrs. Henry Spofford of Philadelphia, a.k.a. Lorelei Lee, makes a brief but pleasing appearance.

John Gross is on the staff of The New York Times.

Americans Spend More Time on Arts

The Associated Press

NEW YORK — Americans lost an average of eight leisure hours a week over the past decade, but they're spending more of their shrinking free time — now 18.1 hours a week — on such cultural activities as movies, concerts and plays, a survey by the National Center for the Arts shows.

BRIDGE

By Alan Truscott

ON the diagrammed deal, North was able to take advantage of an aggressive opening by West. His second take-out double forced a bid from his partner, and he raised to game. He was confident not only that the club ace and the diamond king were both on his right, but also that his partner held at most one spade.

West's spade bid and East's raise had tipped off the distribution of that suit. Without those inferences the game would have been a much less attractive proposition.

South made short work of the play after winning the opening spade lead with the ace and ruffing a spade. He finessed the diamond queen successfully, ruffed another spade and led a club toward dummy's king. He could not be prevented from ruffing dummy's last spade to make his contract. The defense could only score the trump queen and a trick in each minor suit.

West's initial tactic, often called "bidding on cheese," will sometimes catch an opposing mouse. But in a strong game the cheese-bidder often winds up in the mousetrap.

NORTH
♠ A 10 8 7
♥ A K 10
♦ A Q 10
♣ K 2

EAST
♠ K J 8 3
♥ 7 5
♦ K 7 4
♣ 9 7

WEST
♠ Q 8 5
♥ 7 5
♦ K 5 2
♣ A Q 10 8 3

SOUTH
♠ 7 10 9 3
♥ 7 10 9 3
♦ 8 6 5 4
♣ 7 5 4 4

Both sides were vulnerable. The bidding:
South: 1♠, 2♣, 3♣, 4♣.
West: 1♥, 2♥, 3♥, 4♥.
East: 1♠, 2♠, 3♠, 4♠.
South led the spade five.

A Weekend of Upsets in World Cup Skiing

United Press International
DAVOS, Switzerland — Frenchwoman Corinne Guignard overhauled Swiss World Cup champion Erika Hess with a powerful second heat charge Sunday to score her first-ever World Ski Cup victory by winning the slalom race.

It was a weekend of upsets on the women's circuit with Switzerland's Brigitte Oertli and Traudl Haecher also posting first-time successes. Oertli captured Sunday's combined event, based on the results of the slalom and Saturday's giant slalom, which Haecher won in an upset.

West German Haecher, whose career nearly ended in a fall in 1982, emerged from the 54th starting position to win take Saturday's giant slalom.

And Italian Robert Erbacher scored his first victory in a cup race by edging two other newcomers in a men's giant slalom Saturday in Puy-St-Vincent, France.

It was the first victory in the 21-year-old Haecher's five-year career and the first points she has earned since 1982, when she damaged a knee in a downhill accident. "I just could not believe it at first," she said. "Only when my teammates rushed forward to congratulate me did I realize what had happened."

Switzerland's Maria Walliser was the apparent winner with a time of 1 minute, 52.14 seconds. She was being congratulated when Haecher flashed down the course in 1:50.33, an astounding 1.81 seconds faster than Walliser. By comparison, the next 10 finishers were separated by only 1.47 seconds.

Haecher, whose best previous cup finishes had been a pair of sixths, headed a banner day for the West German team. Martina Kiehl finished third in 1:52.15 and took the overall World Cup lead with 35 points, teammates Michaela Gerg, Irene Lipp, Karin Decker and Her-

di Weisler finished sixth through ninth.

The Swiss also exhibited team strength with Oertli finishing fourth in 1:52.39, defending overall champion Hess claiming 10th in 1:53.25, Catherine Anzeer finishing 11th and Heidi Zurbriegen earning 12th after starting 91st.

The 21-year-old Erbacher, who had a second and three other top five finishes in giant slalom to his credit, negotiated two runs in a combined 2:30.13.

Switzerland's Martin Hangl, whose best previous giant slalom result was a fourth, took second in 2:30.34. Richard Pramotton of Italy, a second-year cup participant who until last week had never been better than 10th, was third in 2:30.40.

Sweden's Ingemar Stenmark, who counts 42 giant slalom victories, was 18th after the first run and failed to finish the second. It was the second time in as many races this season that Stenmark has not completed two runs.

Marc Girardelli of Luxembourg went out on the first run, but retained his lead in the overall standings with 45 points. Erbacher was second with 42, three ahead of the defending overall champion, Firmin Zurbriegen of Switzerland.

Although victory eluded Hess, her seconds in both the slalom and the combined catapulted her to the top of the standings with 57 points. She was followed by Oertli with 48, Kiehl with 42 and Haecher with 40.

One skier who could have given Guignard and Hess a scare on Sunday was American Tamara McKinney, who was about to post the fastest time in the first heat, but hooked a ski in one of the final gates and crashed. She had registered the fastest intermediate time, 1:51.14, but conceded, "I risked a little too much maybe. But you cannot win without going all-out."

Winner Haecher: "I just could not believe it."

Independiente Wins Club Soccer Title, 1-0

Goalkeeper Carlos Goyen punched the ball away from Liverpool's Ian Rush (light jersey, left) to help preserve a 1-0 victory for Independiente in soccer's World Club Cup title match Sunday in Tokyo. The Argentines' goal was scored by Jose Percudani in the sixth minute; the 19-year-old forward broke away from the defense at midfield, dribbled down the center and sidestepped goalkeeper Bruce Grobelaar to score on a diagonal left-footed shot into the right-hand corner. The competition between Europe and South America's top clubs has been won by South America for five consecutive years.

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SPORTS

Evert and Wilander Win Finals of Australian Open



Chris Evert Lloyd: 'Still hungry.'

Compiled by Our Staff From Dispatches

MELBOURNE — Chris Evert Lloyd captured her 16th career grand-slam title Saturday with a 6-7, 6-1, 6-3 victory over Helena Sukova of Czechoslovakia in the women's final of the Australian Open tennis championships.

On Sunday, Mats Wilander of Sweden needed almost three hours to overcome the powerful serve of South African Kevin Curren to retain his men's crown. Wilander, the tournament's second seed, struggled back from a first-set loss to defeat the ninth-seeded Curren, 6-7 (5-7), 6-4, 7-6 (7-5), 6-2.

Evert took control of a one-hour, 59-minute match in the second set, playing superbly from the baseline while the aggressive, big-serving Sukova floundered.

Seeded second, Evert had received an unexpected boost when the ninth-seeded Sukova defeated defending champion Martina Navratilova in their semifinal match Thursday.

Evert, 29, had won a grand-slam title every year since 1974, but this year she had been runner-up to Navratilova in the big four's other three events — the French Open, Wimbledon and the U.S. Open. "Helena probably did the dirty work for me by beating Martina," she said. "Facing her would have been very hard. I don't know how I would have done."

But Evert's record still seemed in some jeopardy at the beginning of Saturday's match. After dropping serve to open the encounter, Sukova broke right back and kept the pressure on until the tie breaker, which Sukova won, 7-4.

But Evert then switched on the power and surged home. The turning point came when she broke for a 3-1 lead in the second set, and the 19-year-old Sukova's serve began to falter. Sukova double-faulted twice in the fourth game; 9 of her set's total of 13 double faults came in the final two sets.

"It has been a great week for me, but I am still disappointed I lost," said Sukova. "Chris just started to pass me so much better — she just hit so many passing shots down the line or a couple of inches away from the line."

"It was a strange match," Evert said. "Maybe I was a little nervous because the pressure was on me. I felt I was struggling throughout the first set. But as soon as I got a break up in the second set," she said, "I felt more comfortable."

Evert is now 9-0 in her career against Sukova.

Evert said she was a bit disappointed that she had not won the title by defeating Navratilova. "I suppose it was a bit of an anticlimax, but I thought that feeling. I wanted to still be hungry."

Evert's victory, No. 1,003 of her

career, was her 16th major title. She has won six U.S. Opens, five French Opens, three Wimbledon and two Australian Opens. She won her previous Australian title in 1982.

Curren's big serve saw him through the first set, bringing him back from a 4-0 deficit in the tie breaker, but Wilander took over by breaking for the first time in the third game of the second set to lead, 2-1. Wilander clinched the set in another tie breaker and then broke Curren twice more in the fourth.

The finalists had never met in tournament play before. Curren, bothered by a recurring ankle injury in his semifinal match against

Ben Testerman, had hoped that the tournament's grass courts would provide him the best stage for beating Wilander.

After the match, Wilander, primarily known as a clay-court specialist, said, "I feel pretty good — I've certainly changed my attitude to grass. I know I can play pretty well on it now."

The 20-year-old Swede, who captured his third grand-slam title, returned serve superbly — particularly in the decisive set. His low, dipping returns forced Curren into numerous volley errors.

Wilander said the only time he felt in danger was in the third set, when Curren served at 5-3. "I lost control a little, and when he served

for the set I thought I was in trouble," he said. "But after the tie breaker I thought I should win it."

Wilander, who defeated Ivan Lendl here last year to win the first major grass-court title of his career, played efficiently but unexcitingly. The first set was tight, with both players unable to convert break points into service breaks.

Wilander lives by the maxim, "It's better to end the match well than start it well." He certainly ended stronger. He broke Curren in the third game of the second set and went on to take it, 6-4, in 34 minutes.

There were six third-set breaks, but it still went to a tie breaker after Curren had served for the set at 5-3

and failed to capitalize. This time, Wilander made no mistake, taking it 7-4.

The Swede broke Curren in the fourth and eighth games of the fourth set to seal the victory.

Wilander and countryman Joakim Nyström lost the men's doubles final Saturday to American Sherwood Stewart and Australian Mark Edmondson, 6-2, 6-2, 7-5.

In the women's doubles final, Martina Navratilova and Pam Shriver beat Helena Sukova of Czechoslovakia and Claudia Kohde-Kilsch of West Germany, 6-3, 6-4. It was the winners' 82d consecutive doubles victory and their seventh straight grand-slam crown. (AP, UPI)

Australia Completes Rugby Grand Slam

Compiled by Our Staff From Dispatches

EDINBURGH — Australia made rugby history with a 37-12 rout of Scotland here Saturday. The flashy victory — by four tries, three conversions and five penalty goals — was Australia's first-ever grand slam of four test victories on a British Isles tour.

Captain Andrew Slack's Wallabies, on tour since mid-October, trounced England, 19-3, Ireland, 16-9, and Wales, 28-9.

Their 100 points in the four British Isles tests are an all-time record, bettering the 75 points scored by the 1927-28 tour. The day's scoring conventions tallied by South Africa in 1951-52.

In addition to setting test scoring records in Edinburgh — the highest Australian score and biggest Australian winning margin against an International Board member — the fourth test was a victory for attacking style. Slack's squad proved that free-flowing, crowd-pleasing, running rugby can win.

Four times on the tour Australia took on British and Irish forwards at their accustomed power game, more than held its own and unleashed its superior backs to pile up the points.

Prop Enrique Rodriguez, hooker Tom Lawton, locks Steve Cutler and Steve Williams and No. 8 Steve Tynan were outstanding again Saturday, gradually securing

the platform at scrums, lineouts, mauls and rucks from which scrumhalf Nick Farr-Jones, a 22-year-old revelation, and flyhalf Mark Ella launched brilliant attacks.

On defense, too, the 1984 Wallabies continued to give lessons. Scotland was unable to score a try. The tally for the four tests ended at 12 tries for Australia to only one for the opposition — scored by Wales.

In 18 four-test tours by the Southern Hemisphere powers starting in 1905, only South Africa in 1912-13 (15 tries to 1) and 1951-52 (15-3) has done better.

There was hope in Scotland that goal-kicking could beat Australia, and fullback Peter Dods did succeed with all four of his penalty attempts (wing Peter Steven failed once). But here too the visitors did better: Center Michael Lynagh went five-for-five.

With three conversions out of four attempted, Lynagh totaled 21 points for the day, equalling the Australian record of Paul McLean and setting an all-time Australian individual record of 42 points for a test series.

Following a scrum, left wing David Campese raced to an early try at the receiving end of a string of quick passes from Farr-Jones to Ella to fullback Roger Gould to center Slack.

Dods' kicking kept Scotland in the game, narrowing Australia's edge to 12-9 at half-time. Two more Lynagh penalties and Dods' last made it 18-12.

It was Ella who opened the floodgates in the third quarter, feeding Gould on a burst and following up to take Gould's return pass and score. That gave Ella a try in each of four test — another all-time first.

Farr-Jones zoomed across the vacant middle of a two-man lineout to take a cheeky throw-in from Lawton and barge across for Australia's third try: 28-12. Lynagh soon kicked his fifth penalty.

Scotland now was attacking frantically, but to no point. Peter Grigg, overraking a Scottish attack on his right wing, intercepted and sent the ball back cross-field to Campese; he intercepted with a galloping Tynan, got the ball for a final time and outran everyone. The conversion made it 37-12.

Only once in 192 tests at home, starting in 1871, has Scotland suffered a greater setback — a 44-0 defeat by South Africa in 1951.

Two final challenges remain on Australia's 18-match tour. In Wales on Wednesday, at Pontypool, the reserve team faces Britain's toughest set of club forwards. And in Cardiff on Saturday the Barbarians — virtual British Isles all-stars, plus French reinforcements — will try to restore European pride.

The grand slam hoists Australia into fourth place in the world rankings (based on each country's last 10 tests) behind South Africa, France and New Zealand and ahead of Scotland, Wales, Romania, Ireland, Argentina and England. (Reuters, UPI, IHT)

49ers Equal Victory Mark in 51-7 Rout of Vikings

The Associated Press

SAN FRANCISCO — Joe Montana's 44-yard scoring pass to Dwight Clark got the San Francisco 49ers rolling toward their 14th victory, which tied a National

NFL SATURDAY

Football League regular-season record, and he threw for two touchdowns Saturday in a 51-7 rout of the Minnesota Vikings.

The 49ers (14-1) raced to a 31-7 lead by halftime and gave Montana and several other starters the rest of the day off while running up the team's highest point total since 1965. The Vikings (3-12) went down to a fifth consecutive defeat.

The 49ers, with an eight-game winning streak, will go after a record-breaking 15th regular-season

triumph when they face the Los Angeles Rams Friday night.

Montana completed 15 of 21 passes in his two periods of action Saturday. He opened the scoring by hitting Clark, who broke free down the middle of the field, at the goal line eight minutes into the game.

Later in the first period, Montana flipped a three-yard TD pass to Freddie Solomon. In the second quarter, Renaldo Nehemiah scored on a 59-yard pass play and Wendell Tyler ran 5 yards for a score.

Tyler's 36 yards rushing on 13 carries gave him a club-record 1,230 for the season, breaking the mark of 1,203 yards set by Delvin Williams in 1976.

Archie Manning, the Viking starting quarterback, left the game in the first period after being shak-

ed up on a sack, the first of six registered by the 49ers.

Wade Wilson, who took over for Manning, directed an 84-yard scoring drive in the second period; Darin Nelson ran five yards for the touchdown. The Vikings reached the San Francisco 1-yard line in the final minute of the game but failed to score.

The 49ers failed to get a first down on their first offensive possession of the game but scored nine of the next 10 times they had the ball.

Ray Werschling kicked field goals of 41, 25 and 38 yards. His six extra points gave him a string of 104 without a miss.

Reserves Derrick Harmon and Bill Ring ran for touchdowns in the last quarter.

cut the deficit to three points on O'Brien's toss to Walker with 39 seconds left in the third period. It was Walker's first scoring catch since Nov. 4 against Miami.

The Jets then held, forced a punt and staged their winning drive as O'Brien moved them 40 yards in five plays. Paved the way for O'Brien to tight end Mickey Shuler two plays earlier, but that was nullified by an illegal-foul penalty.

Harmon, the rookie from Cornell, finished with 56 yards to lead all San Francisco rushers. Nehemiah, the world-record hurdler, caught six passes for 125 yards in his finest game since switching to football from track three years ago.

The last time the 49ers scored more than 51 points was in a season-opening, 52-24 victory over the Chicago Bears in 1965.

Jets 21, Bills 17

In East Rutherford, New Jersey, Ken O'Brien ignited New York with a 39-yard touchdown pass to Wesley Walker in the third period and the Jets got the winner on Tony Paige's 3-yard run in the fourth to end a six-game losing streak with a 21-17 victory Saturday over Buffalo.

The Jets improved their 7-8 with one game remaining while the Bills dropped to 2-13, the worst record in the NFL.

Until the Jets got moving late in the game, they generally played lackluster football despite rookie safety Russell Carter's two sacks of Buffalo quarterback Joe Dufek and an interception.

The Jets, trailing 17-7 at the half,

2 Soviet Weightlifters Fined On Drug Charge in Canada

Compiled by Our Staff From Dispatches

ST. JEROME, Quebec — Two Soviet weightlifters on their way to an international competition in Toronto were fined in Sessions Court last Friday for possession of 12,000 anabolic steroid pills.

Anatoli Pissarenko, 26, and Alexander Koulivich, 25, were arrested Thursday at Mirabel Airport after customs officers searched their luggage. They were charged with illegally having in their possession, for the purpose of selling, methandrostenolone (dianabol).

Used by some athletes to increase strength, anabolic steroids are banned in international competition. The distribution of methandrostenolone is controlled in Canada; it is produced in pill form in Europe and cannot be imported without a license. Reports said the drugs seized were worth \$10,000 on the black market.

Pissarenko was sentenced to a \$300 fine or 15 days in jail, and Koulivich was given a sentence of \$500 or one month in jail. A spokesman for the External Affairs Department said Soviet officials contended the athletes used the drug for training purposes.

The two were among five Soviet weightlifters who planned to take part in a superheavyweight competition in Toronto Dec. 10. Pissarenko, 26, holds the world jerk record at 265 kilograms (584 pounds).

Four Canadian weightlifters were arrested for illegally importing anabolic steroids in October 1983 as they returned home from the world weightlifting championships in Moscow. One was convicted but placed on probation and another was acquitted. The cases of the other two have not yet come to court.

Albert King — you're taking away so many points," said New Jersey's Ottis Birdsong. "Our substitution pattern is totally out of whack."

The Nets had only four reserves at the start of the game after injuries to Danny Dawkins, Cook and O'Koren. In the second quarter, King aggravated a groin injury and Wayne Sappleton turned an ankle.

Bird took early advantage of Jeff Turner (in his second NBA start), scoring 21 points in the first half. "Once I got going, it didn't matter who was guarding me," said Bird, who was 17-of-29 from the field and 3-for-3 from 3-point range.

Bird had tried 25 of three-point shots this year and has made 15 — a percentage of 60. The highest percentage for a three-point shooter in a season is 44.3 by Fred Brown of Seattle; he made 39 of 88 in 1979-80, when the NBA adopted the shot.

Robert Parish added 24 points and 18 rebounds for Boston. The Nets' Michael Ray Richardson had 28 points and 13 assists and Birdsong had 27 points. (UPI, LAT)

Elsewhere it was Chicago 99, Dallas 97; Milwaukee 99, Indiana 96; Phoenix 102, Golden State 98; Houston 127, Portland 120, and Denver 114, Cleveland 108. On Friday it was Detroit 122, Denver 115; Atlanta 101, the Los Angeles Clippers 89; Philadelphia 122, the Los Angeles Lakers 116; Chicago 95, New York 93; Phoenix 121, Kansas City 113, and San Antonio 117, Seattle 114.

"Mike O'Koren, Darwin Cook,

Celtics Down Depleted Nets Nelson Takes WBC Crown

United Press International

SAN JUAN, Puerto Rico (UPI) — Azumah Nelson of Ghana pummeled champion Wilfredo Gomez to win the World Boxing Council featherweight on an 11th-round technical knockout here Saturday.

Nelson finished off the Puerto Rican with a left hook followed by a right to the chin. Gomez fell face-up in the middle of the ring and was struggling to his feet as referee Octavio Meyran of Mexico stopped the fight. Gomez was ahead on two of the three judge's cards.

The new champion is 21-1 with 15 knockouts, failing to drop 42-1 (40 knockouts). Gomez was making his first defense of the crown he won last March against Juan Laporte.

It was Nelson's second attempt to take the featherweight crown, having lost a dramatic 15th-round knockout against the late Salvador Sanchez of Mexico. Nelson was ahead in that fight until Sanchez caught him in the final round.

Larry Playfair, Gilles Hamel and Brent Peterson scored Saturday to lift Buffalo to only its second road victory of the year. After a scoreless first period, the Sabres took the lead on Playfair's first goal of the season at 3:59 of the second period.

The lead went to 2-0 at 5:49 of the third when Hamel picked up a loose puck at center ice and fired a 25-foot power play goal. Peterson, Tom Fergus helped the margin 1:37 later, but when Peterson was pulled with 28 seconds left, Peterson tallied an empty-netter.

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received credit for wins when he wasn't behind the bench and didn't get credit for other wins when he was.

Meanwhile, it was Buffalo 3, Boston 1; Hartford 4, the New York Islanders 3; Philadelphia 4, New York Rangers 2; Quebec 7, New Jersey 3; Montreal 9, Los Angeles 7; Pittsburgh 6, Calgary 4; Vancouver 3, Edmonton 2, and Toronto 3, St. Louis 3. On Friday it

Sabres Tie Record for Tight-Lipped Bowman

United Press International

BOSTON — On the day he tied the National Hockey League record for coaching victories, Scotty Bowman wasn't in a talking mood.

"Congratulations — yeah," he said as he stalked off after the Buffalo Sabres' 3-1 victory over the Boston Bruins here Saturday.

Bowman, who guided the Montreal Canadiens to five Stanley Cups during the 1970s, has a career mark of 690-285-198 over 16 seasons; the 690 victories tie the record held by Dick Irvin, who coached Chicago, Toronto and Montreal from 1930 to 1955.

Bowman was tight-lipped as he left the Boston Garden, but before the game he did talk about the

NHL FOCUS

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SCOREBOARD

Basketball

Selected U.S. College Results

NBA Standings

EASTERN CONFERENCE

Atlantic Division

Boston 17, 2, 385 - 10

Philadelphia 14, 7, 467 - 4

Washington 14, 7, 467 - 4

New York 12, 8, 467 - 4

New Jersey 12, 8, 467 - 4

Central Division

Milwaukee 13, 9, 391 - 1

Chicago 13, 9, 391 - 1

Detroit 13, 9, 391 - 1

Atlanta 12, 10, 400 - 4

Indiana 12, 10, 400 - 4

Cleveland 12, 10, 400 - 4

Western Conference

Midwest Division

Denver 13, 9, 391 - 1

Houston 13, 9, 391 - 1

San Antonio 13, 9, 391 - 1

Dallas 12, 10, 400 - 4

Utah 12, 10, 400 - 4

Portland 12, 10, 400 - 4

Pacific Division

Los Angeles 13, 9, 391 - 1

Phoenix 13, 9, 391 - 1

Seattle 13, 9, 391 - 1

Golden State 12, 10, 400 - 4

San Diego 12, 10, 400 - 4

San Jose 12, 10, 400 - 4

Friday's Results

New York 12, 8, 467 - 4

Boston 17, 2, 385 - 10

Philadelphia 14, 7, 467 - 4

Washington 14, 7, 467 - 4

New York 12, 8, 467 - 4

New Jersey 12, 8, 467 - 4

Central Division

Milwaukee 13, 9, 391 - 1

Chicago 13, 9, 391 - 1

Detroit 13, 9, 391 - 1

Atlanta 12, 10, 400 - 4

Indiana 12, 10, 400 - 4

Cleveland 12, 10, 400 - 4

Western Conference

Midwest Division

Denver 13, 9, 391 - 1

Houston 13, 9, 391 - 1

San Antonio 13, 9, 391 - 1

Dallas 12, 10, 400 - 4

Utah 12, 10, 400 - 4

Portland 12, 10, 400 - 4

Pacific Division

Los Angeles 13, 9, 391 - 1

Phoenix 13, 9, 391 - 1

Seattle 13, 9, 391 - 1

Golden State 12, 10, 400 - 4

San Diego 12, 10, 400 - 4

San Jose 12, 10, 400 - 4

Saturday's Results

New York 12, 8, 467 - 4

Boston 17, 2, 385 - 10

Philadelphia 14, 7, 467 - 4

Washington 14, 7, 467 - 4

New York 12, 8, 467 - 4

New Jersey 12, 8, 467 - 4

Central Division

Milwaukee 13, 9, 391 - 1

Chicago 13, 9, 391 - 1

Detroit 13, 9, 391 -

